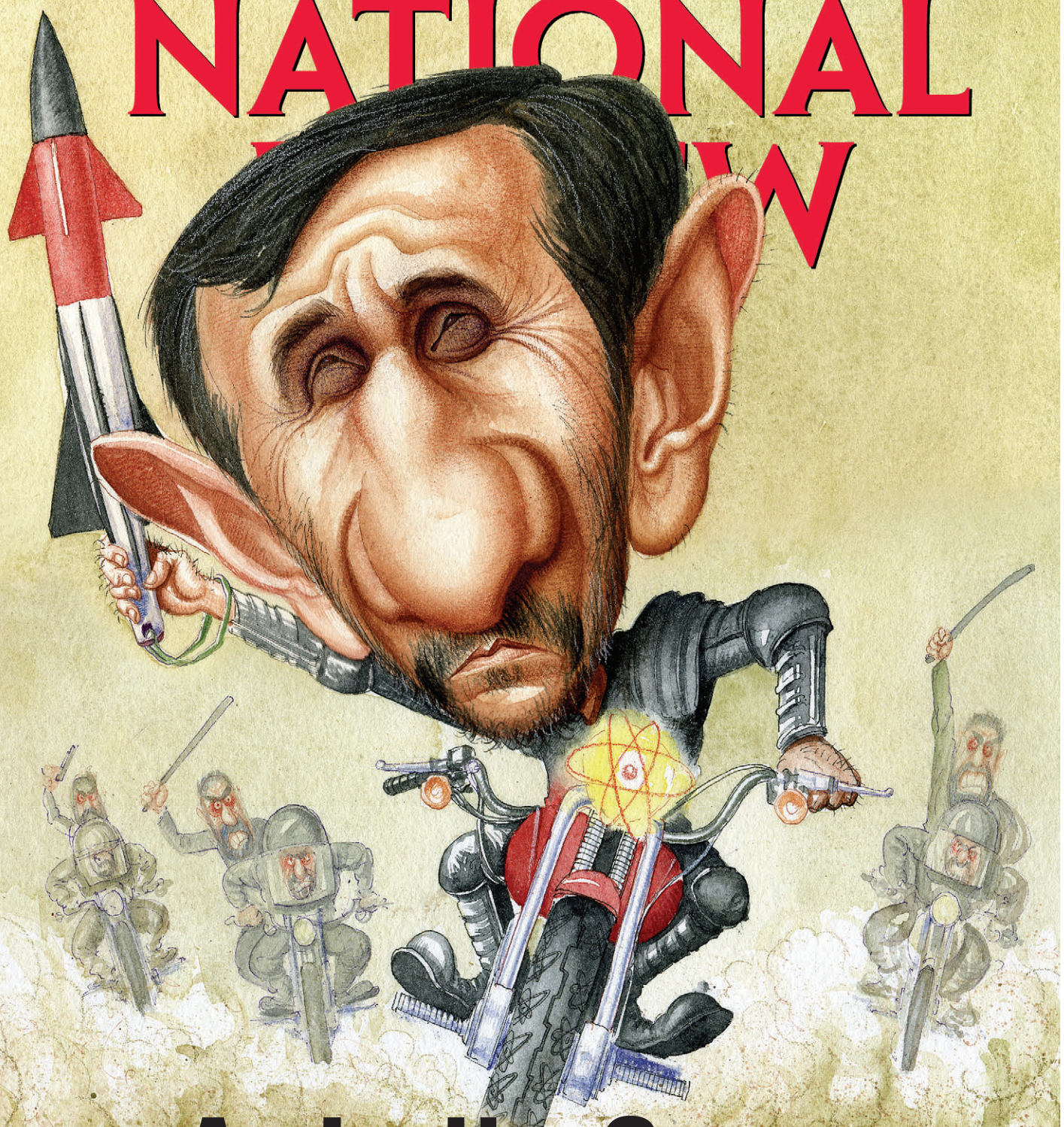
October 19, 2009 49145 $3.95

PONNURU: Mitt Romney, Candidate of the Establishment?

NATIONAL REVIEW



A-Jad's Gang

Our Options on Iran

JOHN R. BOLTON

$3.95
42
0 09128 49145 5

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

www.nationalreview.com

a) oil

b) natural gas

c) wind

d) solar

e) biofuels

f) energy efficiency

✓g) all of the above

bp

beyond petroleum®

bp.com/us

© 2009 BP Products North America Inc.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Contents

NATIONAL REVIEW

OCTOBER 19, 2009 | VOLUME LXI, NO. 19 | www.nationalreview.com

Wilfred M. McClay on Irving Kristol . . . p. 38

COVER STORY Page 30

Iran Outlook: Grim

Should we allow Iran to become a nuclear power; use diplomacy and sanctions to try to avert that outcome; remove the regime in Tehran and install one that renounces nuclear weapons; or use preemptive military force to break Iran's nuclear program? Let us consider these options in turn. *John R. Bolton*

COVER: ROMAN GENN

ARTICLES

16 **POP ECONOMICS** *by Kevin D. Williamson*
Greed did not cause the financial crisis; bad investments did.

20 **MS. BAIR STAYS IN WASHINGTON** *by John Berlau*
The head of the FDIC, under Bush and Obama, is a poor fit for the job.

22 **OBAMACARE IN PRACTICE** *by Stephen Spruiell*
New England has already tried much of it, and the results are not encouraging.

26 **END THE SPECIAL-ED RACKET** *by Marcus A. Winters & Jay P. Greene*
Vouchers can reduce false diagnoses of learning disabilities while helping both the truly disabled and the misdiagnosed.

27 **A TYPOLOGY OF TYRANTS** *by Rob Long*
Clowns can be scary too—especially with the wrong person in the White House.

FEATURES

30 **IRAN OUTLOOK: GRIM** *by John R. Bolton*
The failed policies of Presidents Bush and Obama have brought us to a difficult pass.

33 **ROMNEY REBOOTS** *by Ramesh Ponnuru*
Thinking about 2012.

35 **SOMETHING ABOUT ARIZONA** *by Jay Nordlinger*
A state that gets under skin.

38 **THE EQUILIBRIST** *by Wilfred M. McClay*
Irving Kristol and the politics of *ma non troppo*.

BOOKS, ARTS & MANNERS

43 **PARALLEL LIVES**
Paul Lettow reviews The Hawk and the Dove: Paul Nitze, George Kennan, and the History of the Cold War, *by Nicholas Thompson.*

46 **STATUS SYMBOL**
David Klinghoffer reviews Why Are Jews Liberals?, *by Norman Podhoretz.*

48 **AGAINST THE DARKNESS**
Ronald Radosh reviews The Anti-Communist Manifestos: Four Books That Shaped the Cold War, *by John V. Fleming.*

50 **FILM: THE WRONG MAN**
Ross Douthat reviews The Informant!

51 **THE STRAGGLER: THE GLORIOUS EIGHTEENTH**
John Derbyshire enthuses over the century of Mozart and Cook.

SECTIONS

2 **Letters to the Editor**
4 **The Week**
40 **The Bent Pin** . . . . . *Florence King*
42 **The Long View** . . . . . *Rob Long*
44 **Poetry** . . . . . *Daniel Mark Epstein*
52 **Happy Warrior** . . . . . *Mark Steyn*

NATIONAL REVIEW (ISSN: 0028-0038) is published bi-weekly, except for the first issue in January, by NATIONAL REVIEW, Inc., at 215 Lexington Avenue, New York, N.Y. 10016. Periodicals postage paid at New York, N.Y., and additional mailing offices. © National Review, Inc., 2009. Address all editorial mail, manuscripts, letters to the editor, etc., to Editorial Dept., NATIONAL REVIEW, 215 Lexington Avenue, New York, N.Y. 10016. Address all subscription mail orders, changes of address, undeliverable copies, etc., to NATIONAL REVIEW, Circulation Dept., P. O. Box 433015, Palm Coast, Fla. 32143-3015; phone, 386-246-0118, Monday–Friday, 8:00 A.M. to 10:30 P.M. Eastern time. Adjustment requests should be accompanied by a current mailing label or facsimile. Direct classified advertising inquiries to: Classifieds Dept., NATIONAL REVIEW, 215 Lexington Avenue, New York, N.Y. 10016 or call 212-679-7330. POSTMASTER: Send address changes to NATIONAL REVIEW, Circulation Dept., P. O. Box 433015, Palm Coast, Fla. 32143-3015. Printed in the U.S.A. RATES: $59.00 a year (24 issues). Add $21.50 for Canada and other foreign subscriptions, per year. (All payments in U.S. currency.) The editors cannot be responsible for unsolicited manuscripts or artwork unless return postage or, better, a stamped self-addressed envelope is enclosed. Opinions expressed in signed articles do not necessarily represent the views of the editors.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

NATIONAL REVIEW

OCTOBER 19 ISSUE; PRINTED OCTOBER 1

EDITOR
Richard Lowry

Senior Editors
Richard Brookhiser / Jay Nordlinger
Ramesh Ponnuru / David Pryce-Jones
Managing Editor Jason Lee Steorts
Literary Editor Michael Potemra
Executive Editor Christopher McEvoy
National Correspondent John J. Miller
Art Director Luba Kolomytseva
Deputy Managing Editors
Fred Schwarz / Kevin D. Williamson
Associate Editor Robert VerBruggen
Research Director John J. Virtes
Research Manager Dorothy McCartney
Executive Secretary Frances Bronson
Assistant to the Editor Katherine Connell

Contributing Editors
Robert H. Bork / John Derbyshire
Ross Douthat / Rod Dreher / David Frum
Roman Genn / Jim Geraghty / Jonah Goldberg
Florence King / Lawrence Kudlow / Mark R. Levin
Yuval Levin / Rob Long / Jim Manzi
Andrew C. McCarthy / Kate O'Beirne
David B. Rivkin Jr.

NATIONAL REVIEW ONLINE
Editor Kathryn Jean Lopez
Managing Editor Edward John Craig
Deputy Managing Editor Duncan Currie
Associate Editor Emily Karrs
Staff Reporters
Mark Hemingway / Stephen Spruiell
Webmaster James Voris
Technical Services Russell Jenkins

CHAIRMAN & CEO
Thomas L. Rhodes

EDITORS-AT-LARGE
Linda Bridges / John O'Sullivan

Contributors
Hadley Arkes / Baloo / Tom Bethell
James Bowman / Priscilla L. Buckley
Eliot A. Cohen / Brian Crozier
Dinesh D'Souza / M. Stanton Evans
Chester E. Finn Jr. / Neal B. Freeman
James Gardner / David Gelernter
George Gilder / Jeffrey Hart
Kevin A. Hassett / Charles R. Kesler
James Jackson Kilpatrick / David Klinghoffer
Anthony Lejeune / D. Keith Mano
Michael Novak / Alan Reynolds
William A. Rusher / Tracy Lee Simmons
Terry Teachout / Taki Theodoracopulos
Vin Weber

Chief Financial Officer James X. Kilbridge
Accounting Manager Galina Veygman
Accountant Zofia Baraniak
Treasurer Rose Flynn DeMaio
Business Services
Alex Batey / Amy Tyler
Circulation Director Erik Zenhausern
Circulation Manager Jason Ng
WORLD WIDE WEB www.nationalreview.com
MAIN NUMBER 212-679-7330
SUBSCRIPTION INQUIRIES 386-246-0118
WASHINGTON OFFICE 202-543-9226
ADVERTISING SALES 212-679-7330
Executive Publisher Scott F. Budd
Advertising Director Jim Fowler
Advertising Manager Kevin Longstreet
ASSOCIATE PUBLISHER Paul Olivett

PUBLISHER
Jack Fowler

FOUNDER
William F. Buckley Jr.

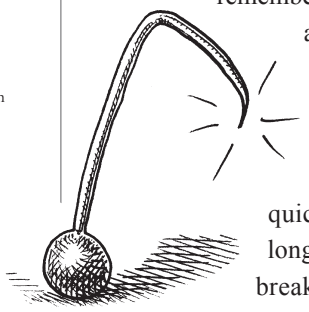
Letters

Populists Are Sometimes Right

Normally I look forward to Florence King's "Bent Pin" column, but her commentary on the recent town-hall protests, "Put Down That Pitchfork" (September 21), disappointed me. Perhaps a better title for the column would have been, "Rustics You Are and Rustics You Shall Remain!"

It's not that I don't sympathize with her disdain for populism. That is typically very easy, since populists have a habit of endorsing the wrong policies for the wrong reasons. But the case of the town-hall protests is a bit complicated, for the populists are on the right side of the issue, even if their reasons are questionable. Instead of accepting this, King jettisons her principles.

Her waxing poetic about "Ma Bell" is a case in point. I am old enough to remember AT&T before the breakup, and there is nothing to lament about its passing. Sure, there was a low monthly rate—if you made just local calls. Depending on where the local switching station happened to be, it might take a long-distance call to reach someone only a couple of miles down the road. Once long-distance charges started kicking in, you quickly understood where "Ma Bell" made her money. The long-distance companies that came along in the wake of the breakup of AT&T, plus the rise of cell and Internet telephone service, have given us markedly better service for less money.



The example shows that markets are efficient. And this truth is not soiled or rendered false when a populist agrees with it.

Still, King most often writes great columns, so an occasional hiccup here or there is no tragedy. I will be looking forward to another "Bent Pin."

Michael Minnott
San Clemente, Calif.

Out in Left Field

I just got through reading Jay Nordlinger's article about writers' interjecting politics in sports stories. Finally, someone has said something! After blogging on Fox Sports and ESPN about this very subject for years, I thank Jay and hope many read his story. As prevalent as the liberal ideology is in the mainstream media, it is even more so in sports media. While I can ignore the fraudulent tripe in news, I'm addicted to sports and thus can't escape the idiocy.

I think Jay is correct, also, in the root cause he adduces for this bias: envy. It might be said that those who can't teach, coach; and those who can't write, write sports. Jealousy of players' salaries might also contribute to liberal rants.

John Heavner
Via e-mail

Letters may be submitted by e-mail to letters@nationalreview.com.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

We Are The Private Sector.

AND WE HAVE HAD ENOUGH.

Government was created to serve the people, not the other way around. But over the last few decades, the situation has become imbalanced. Public sector workers enjoy higher pay, better benefits, earlier retirement and subsidized health insurance. The government continues to rack up unfathomable debt and unfunded liabilities, wildly spending our money and leaving us with a precarious future. And it's all at the expense of those of us in the private sector. For business leaders in this country, this is a crucial topic of concern.

We are Democrats, Republicans, and Independents. We are employers and employees. We are not anti-government. We are The Free Enterprise Nation and we share a common goal that transcends political parties: to preserve and protect free enterprise in America. It's time we take back control.

Learn more and join us at
TheFreeEnterpriseNation.org

The Free Enterprise Nation

1-877-770-4336

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Week

■ The difference is, the *Dancing with the Stars* judges have a solid case against Tom DeLay.

■ In a matter of about three weeks, the Left's view of Afghanistan has gone from "the good war" to "the next Vietnam." This turnabout—in effect, the Left is dumping the war now that it has stopped being politically useful—deserves an honored place in the annals of bad faith. Meantime, our troops in the field are still fighting. In an unsparing 66-page assessment, commanding general Stanley McChrystal warns of failure unless he gets more troops quickly for a counterinsurgency campaign to protect the population and to thwart the enemy's momentum. McChrystal is President Obama's hand-picked general, selected to carry out the "comprehensive" counterinsurgency strategy that Obama announced in March. But the White House now acts as if it barely knew its own four-star and had not heard of his strategy. It is understandable that Obama wants to be deliberate in committing perhaps tens of thousands more troops to the field, but his change of tune, away from his formerly approved strategy and the stalwart rhetoric ("the necessary war") of a few months ago, indicates fecklessness or political calculation or both. If we want to keep al-Qaeda from reestablishing a base in parts of Afghanistan and militants from regaining the initiative in neighboring Pakistan, there is no alternative to defeating the Taliban and associated insurgencies in Afghanistan, and that will require manpower. Obama's political advisers hate the war, and Vice President Biden is selling a characteristically unrealistic plan to fight it from afar. Obama should resist the urge to flinch.

■ Obama had his U.N. debut. As in any speech before the General Assembly, there was a great deal of BOMFOG (a Nelson Rockefeller aide's acronym for "brotherhood of man under the fatherhood of God"). Obama's was notably dense. "No one nation can or should try to dominate another nation." Don't cut the NASA budget; that hope will never be fulfilled on this planet. Obama also spread a coating of narcissism. "For those who question the character and cause of my nation, I ask you to look at the concrete actions we have taken in just nine months." Politics, they used to say, stopped at the water's edge. Obama's self-regarding politicking knows neither time nor place. "Democracy and human rights," he concluded, "cannot be afterthoughts"—which, since he mentioned them in the home stretch, was what they were. The delegates of the General Assembly interrupted him with applause and took his picture. The podium is our president's favorite communication tool. But imagery and, even more so, rhetoric have a very short international reach, especially when they are not ballasted by policy and power. Obama has sworn off the exceptionalism of the Bush years in order to get results abroad. But if his results are only good reviews of his speeches, what sort of a tradeoff is that?

ROMAN GENN

See page 10.

■ The good news is that the worst domestic-terrorism plot since 9/11—a plan reminiscent of the attacks that rocked London in 2005—was aborted without any bombings of New York's transit system. The bad news is that interagency turf battles prematurely exposed the investigation. Thus only one man has been charged, meaning other members of a jihadist cell operating in the United States remain at large. Najibullah Zazi, a 24-year-old Afghan who grew up in Pakistan and trained in al-Qaeda camps, was apparently planning a series of bombings to coincide with the eighth anniversary of 9/11, but got tipped off that the FBI was on to him when New York City police rashly questioned a local imam. Zazi had driven for two days from Denver to get to New York in advance of September 11. He and unidentified confederates scouted targets, purchased explosive components, and attempted to rent a moving truck—an effort that was thwarted when the group of at least six men declined to produce identification other than invalid credit cards. Law enforcement now scrambles to locate other suspects, and we are again reminded that the threat to America is profound.

■ George Stephanopoulos asked President Obama whether his proposed requirement that everyone buy health insurance is a "tax." Obama said no, rejecting the host's resort to the dictionary as "stretching." Let's see: The mandate forces people to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Restoring confidence in our financial system benefits everyone.

Transparency, consistency and tough but fair regulations will protect consumers and restore confidence in the mortgage and financial markets. That is why the mortgage industry has called for passage of MIRA, the Mortgage Improvement and Regulation Act, featuring an empowered new mortgage regulator, backed by strong national consumer protections and licensing standards.

For more information, visit the MIRA Resource Center at
www.mortgagebankers.org/MIRA

MORTGAGE BANKERS ASSOCIATION®
Investing in communities

9342

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

part with some of their money. They get back a benefit, insurance, but that benefit must be worth less to them than the money, since they did not make the transaction voluntarily. The mandate will be enforced through what the Senate Finance Committee calls an "excise tax" on people who do not buy insurance. (Maybe Obama would call it a "fine.") It will narrow the options of millions of people to two: They will have to buy the insurance their employer offers them, or else pay the penalty. There are taxes that are much less onerous.

■ How many times have you read that deregulation has been discredited by the financial crisis? Conservatives and libertarians have worked hard to explain that the causes of the crisis were more complex than the Left's narrative: that many anti-market policies, including unwise regulations, contributed to it, and that some of the specific deregulatory measures that have been blamed had nothing to do with it. Now it seems that the public has better sense than the commentariat. According to Gallup, 45 percent of Americans think there is "too much" regulation of business, compared with 24 percent who say that there is "too little." That's the most opposition to regulation Gallup has found in its history of asking the question, which dates back to 1993. The public may favor regulation in specific areas, and particular regulations may indeed make sense. But the notion that regulation is, generally, a good thing is a sentiment found mostly on op-ed pages.

■ As the financial crisis has waned, so has the G-20's appetite for consequential reforms. At the recent summit in Pittsburgh, most of the talk focused on reforming executive compensation, a feel-good policy that won't do anything to prevent the next speculative bubble. The G-20 statement called for regulation that "aligns compensation with long-term performance," but, as Kevin D. Williamson explains on page 16 of this issue, the banks that more closely tied their executives' pay to corporate performance fared worse during the crisis. Wall Street wasn't just selling the idea that housing prices would go up forever; its top executives bought big chunks of the fantasy for themselves and subsequently lost billions. Harmonization among the 20 largest economies could improve many areas of financial regulation; this demagogic attempt to curb bankers' pay, however, represents the lowest common denominator.

■ Humana, a large private insurer, told its Medicare Advantage customers that if Obamacare passes, "millions of seniors and disabled individuals . . . could lose many of the important benefits and services that make Medicare Advantage health plans so valuable." Soon afterward, Medicare officials slapped the company with a gag order and announced that they were launching an investigation. A government spokesman explained: "Seniors on Medicare should not be subjected to misleading information about their Medicare benefits." Yet the company's assertions were correct; no less an authority than the Congressional Budget Office said so. No matter; at press time the gag order stood. It turns out that government is a dangerous servant and a terrible master, even as your business partner.

■ "Hello, Mister President / We honor you today / For all your great accomplishments / We all do say 'Hooray!'" So sang the tots at a public elementary school in Burlington, N.J., under the direction of a teacher. This was by way of celebrating Black History Month, otherwise known as February. A video of the event has recently been circulated and its creepily totalitarian aspect much commented on. The school principal is unrepentant. Her school is apparently festooned with Obamaiana and associated slogans ("Yes we can! Yes we did!"). May we add, to the many questions raised by this event, the following: What, in February 2009, were Barack Obama's "great accomplishments"? Other than inspiring New Jersey schoolteachers to North Korean levels of mindless adulation?

■ The president's "safe-schools czar," Kevin Jennings, is the latest in a long line of ill-considered choices for high-level appointments (previous selections include everyone from tax cheats to an admitted former Communist and self-described "rowdy black nationalist"). Even in this context, however, the case of Jennings is particularly disturbing: In 1988, as a schoolteacher, Jennings knew a 15-year-old boy who confessed having been sexually involved with an older man he'd met in a bus-station bathroom. Rather than file a statutory-rape report (as the law requires), Jennings "listened, sympathized, and offered advice" (as he wrote in a 1994 memoir); he told the student, "You know, I hope you knew to use a condom" (as he stated before an Iowa rally of the Gay, Lesbian and Straight Education Network, an organization he founded). This is not the kind of person to entrust with the job of keeping our schools safe.

KATHY WILLENS/AP

■ To nobody's surprise, once the Cash for Clunkers program expired, auto sales plummeted: The rate for September was the lowest since 1981, and no improvement is likely for at least the rest of the year. So let's review what happened: Cash for Clunkers paid people to buy cars, many of them Japanese, that they would have bought anyway. In so doing, it transferred several billion dollars to a small and far-from-poor sector of the public; burned up a lot more money in administrative expenses; scrapped the buyers' old vehicles, thus raising the price of used cars; confused dealers and buyers alike with byzantine rules; swelled to several times its original cost because the experts' projections were way off; and still hasn't paid many of its intended beneficiaries, owing to bureaucratic snafus. By all means, let's put these folks in charge of everyone's health care.

■ "I ordered the prison at Guantanamo Bay closed," President Obama proclaimed to his admirers at the United Nations. But he knew even when giving this "order" that it would not actually mean Guantanamo's closure. Defense Secretary Robert Gates acknowledged within days that the president's January 22 deadline for shuttering the prison camp was "going to be tough" to meet. Gates, too, was being economical with the truth. In fact, the facility will remain open indefinitely. Obama's ballyhooed order, issued in the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Solar and wind energy are growing. And natural gas is the best way to ensure their viability. It's abundant and twice as clean as coal. So even when the sun sets and the winds stop, you can be certain of having reliable power. It's America's energy future. America's clean energy alternative.

AMERICA'S NEW NATURAL GAS

cleaner, smarter energy℠

©2009 America's Natural Gas Alliance

Discover more at NewNaturalGas.org

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

opening hours of his administration, included no plan for what was to be done with the terrorist detainees. The president erroneously assumed he could charm other nations into taking the bulk of them off our hands, and Americans into accepting the rest on our soil in order to purge what he—unlike most voters—sees as the taint of Gitmo. With Congress revolting against transferring alien jihadists to American prisons, the Justice Department has quietly advised human-rights activists that Obama will continue relying on the president's authority to detain enemy combatants under the laws of war. Don't expect most of the remaining 223 detainees to be leaving Gitmo anytime soon.

■ President Obama loves to say that he wants to "look forward, not backward" when it comes to evaluating Bush-era interrogation policies. His Justice Department, however, seems infatuated with the rear-view mirror. Attorney General Eric Holder recently named a special prosecutor to assess whether CIA officials should be subject to criminal charges for alleged acts of torture. The Senate Intelligence Committee, chaired by Democrat Dianne Feinstein, also opened an investigation. With Justice dangling prosecution, former CIA employees have had little incentive to open up to the Senate panel. And with no hope of making a full and fair Senate inquiry, Senate Republicans have now thrown up their hands

Economics in the Red Zone

EVEN as President Obama's health-care gambit moves toward the endgame, the massive expansion of U.S. borrowing, both public and private, that has occurred in the past year is already pushing the U.S. fiscal situation to a very dangerous place.

Most Americans probably think that it is impossible for the U.S. government to reach the point where its checks start to bounce. The data say otherwise.

A country can find itself in severe trouble if it wakes up one day to discover that its government and citizens have borrowed a large amount of money from foreigners.

Both a nagging problem and another, potentially serious one are associated with such a situation. The nagging problem, the economic equivalent of letting air out of a balloon, is that interest payments head overseas and subtract from our ability to consume and invest. The serious problem is that the debt must be rolled over periodically, with the government and citizens alike borrowing from new lenders to pay off the old ones. As a nation gets overextended, red flags go up, lenders take their business elsewhere, and default becomes a real risk

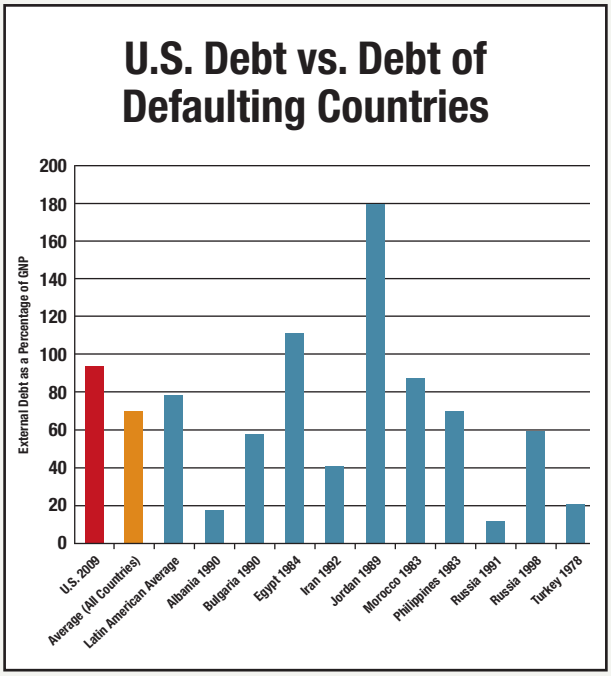
How big a debt is too big, and has the U.S. passed that point? The accompanying chart explores these questions by comparing the external debt (debt held by foreigners) of the U.S. to the external debt of middle-income countries that experienced default (or restructuring) between 1970 and 2001. In both cases, the debt is scaled by GNP, and reflects, for those countries that defaulted, total debt outstanding in the year of default.

The chart tells a chilling tale. U.S. debt is now higher relative to our national income than it was for the typical middle-income country that defaulted on its debt in the 31 years of this sample. Our total external debt has reached 94 percent, while public external debt is 24 percent, of GNP this year.

This puts the U.S. in very peculiar company. There were so many Latin American defaults in the sample (Argentina twice, Brazil, Chile twice, Ecuador twice, etc.) that the chart aggregates all Latin American countries into a single category. Latin America may have acquired a reputation for fiscal insanity, but the U.S. is now in worse shape than was the typical Latin American country that defaulted. Looking across the other defaults, there were only a couple of cases outside of Latin America (Jordan in 1989, and Egypt in 1984) where the defaulting county had racked up a debt that was higher than ours is now.

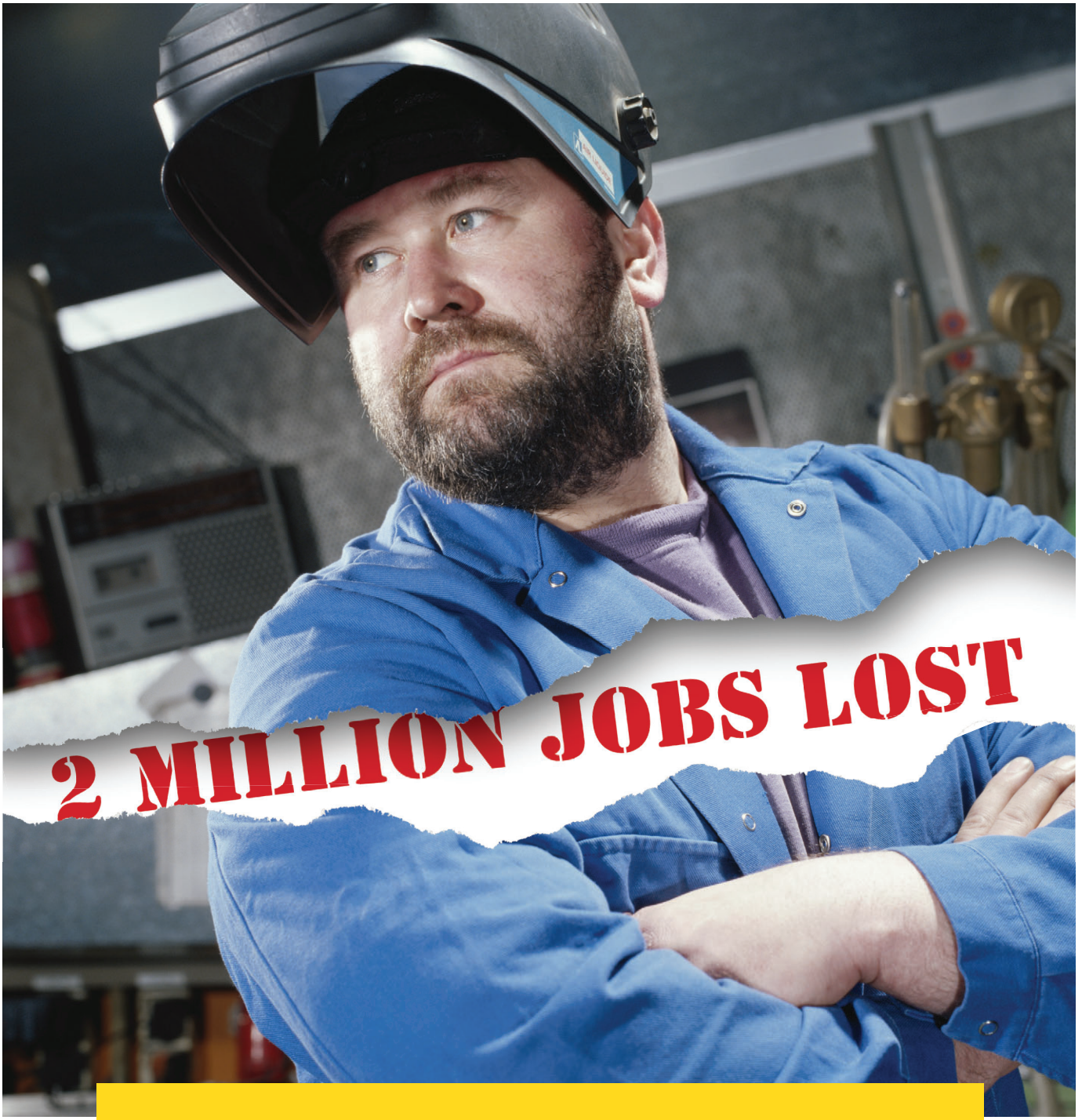
To be sure, the U.S. can continue on its merry way borrowing and spending so long as foreign lenders continue to flock to our Treasury auctions and continue to fund our private loans. They might oblige for decades. On the other hand, a precipitating event—say, the passage of a large expansion of entitlements—could easily set off the kind of panic that has devastated debt markets in the past.

—KEVIN A. HASSETT



SOURCES: U.S. TREASURY, THE ST. LOUIS FEDERAL RESERVE, AND REINHART, ROGOFF, AND SAVASTANO: "DEBT INTOLERANCE," NBER, 2003.
NOTE: LATIN AMERICAN AVERAGE INCLUDES CARIBBEAN COUNTRIES; BASED ON EXTERNAL DEBT TO GNP IN YEAR OF DEFAULT OR RESTRUCTURING, BETWEEN 1970 AND 2001, FOR MIDDLE-INCOME COUNTRIES AFFORDING SUFFICIENT DATA.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



Another **unfortunate truth** about the House's climate bill

As Congress considers new climate legislation, Americans aren't getting the whole truth. A recent study* found the House-passed bill could cost two million American jobs.

America is in the middle of a harsh recession. Think about the impact of two million jobs lost. Yet another unfortunate truth about the House's climate bill.

Learn more at **EnergyCitizens.org**

*Source: *Impact on the Economy of the American Clean Energy and Security Act of 2009 (H.R. 2454).* CRA International, August 2009

60-Plus • American Conservative Union • American Farm Bureau Federation • American Highway Users Alliance • Americans for Tax Reform • American Petroleum Institute • American Trucking Associations • Coalition for Affordable American Energy • Council for Citizens Against Government Waste • FreedomWorks • Hispanic Alliance for Prosperity Institute • Independent Petroleum Association of America • NFIB • National Association of Wholesaler-Distributors • National Black Chamber of Commerce • National Ocean Industries Association • National Petrochemical and Refiners Association • National Taxpayers Union • Service Station Dealers of America and Allied Trades • Small Business and Entrepreneurship Council • Tire Industry Association • United States Chamber of Commerce

EnergyCitizens.org

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in frustration and abandoned the probe. Besides, they reasoned, there are other issues to focus on, namely the wars in Afghanistan and Iraq. "The committee cannot give these matters sufficient attention if we are spinning our wheels in an endless document review," said Sen. Kit Bond (R., Mo.), the committee's vice chairman. As the Democrats look backward, Republicans should back away.

■ Sarah Palin gave her first paid speech after stepping down as governor of Alaska. In a long address to a conference of investors in Hong Kong, she defended "commonsense conservatism." It was substantive, plainspoken, and—as billed—commonsensical. A nice coming out for the next stage of her career.

■ President Obama's recent flurry of TV interviews included one with the Spanish-language network Univision. The interviewer was ethnic activist and star Univision anchor Jorge Ramos, author of, among other books, *No Borders* and *Tierra de Todos* ("Land of Everyone"). Why was it, Mr. Ramos wanted to know, that during his presidential campaign Obama had used the term "undocumented immigrants," but in his recent speech before Congress had decided to switch to "illegal immigrants"? Mr. Ramos drove home the question thus: "Why did you use language associated with the critics of immigrants?" Perhaps it is because most Americans think of illegal immigrants as, well, illegal immigrants—something the president knows, if not all of his supporters do.

■ The administration has canceled the deployment of a powerful radar in the Czech Republic and interceptors in Poland. Obama and SecDef Robert Gates are presenting the move as a matter of switching from long-range to short-range missile defense—as though these were mutually exclusive options—and downplayed Iran's potential to build intercontinental rockets. Everyone knows that the administration's real purpose was to placate Russia, the favored policy of Obama's defenders in the foreign-policy intelligentsia. Speaking in Prague this april, President Obama praised the Czech Republic and Poland for their courage in "agreeing to host a defense against [Iranian] missiles." He did not promise to match that courage.

■ Holocaust deniers, it is generally held, are trading in conspiratorial fantasies, and are therefore beyond the reach of rational discourse. Mahmoud Ahmadinejad may be president of a state, but he seems in the grip of just such fantasies. He recently said that Jews had "created the story of Holocaust," that this was a "myth," and that they are "criminals." Can a man in his position really believe what he is spouting? Answering him before the U.N. General Assembly, Benjamin Netanyahu held aloft a copy of the plans of Auschwitz, signed by Heinrich Himmler, no less, and also a copy of the minutes of the Wannsee Conference at which the Final Solution was planned. Netanyahu was treating Ahmadinejad as a rational man, open to evidence. The compliment seems undeserved.

■ We cannot always be responsible for who praises us, it is true. But we wonder what President Obama and his team think of praise from Hugo Chávez. When George W. Bush was president, and spoke at the U.N., Chávez condemned him as "the devil," over and over. He said that Bush had made the quarters "smell of sulphur." After Obama spoke at the U.N., Chávez's tune was different. He said, "The smell of sulphur is gone. It smells of hope." Obama might show a touch of class if he indicated that he prefers his predecessor as U.S. president, Republican though he may be, to the dictatorial thug down in Venezuela.

BRIAN ZAK/SIPA/AP

■ Col. Moammar Qaddafi, fresh from welcoming Lockerbie bomber Abdel al-Megrahi back home, was pumped for his maiden speech to the United Nations General Assembly. He spoke for 94 minutes (heads of state are by the rules to be given 15), demanding investigations into the assassinations of JFK and Martin Luther King Jr., wondering whether swine flu had come from a weapons laboratory, and praising President Obama ("We are content and happy if Obama can stay forever as the president"). Qaddafi even offered to move U.N. headquarters to Libya. (Please.) His translator broke down after 90 minutes, shouting, "I just can't take it anymore!"; Venezuela's Hugo Chávez said, not untruthfully, that Qaddafi had "said all there is to say."

■ Saif and Aisha Qaddafi are Libyan royalty—they are the son and daughter of the dictator—and they head up a couple of foundations. The causes of those foundations seem innocuous enough: "maintaining and protecting human rights," "promoting women's economic opportunities." Who could object? The Obama administration is planning to send a little cash their way: just some small change, $400,000. But a bipartisan group on the Hill is firmly opposed to that plan. They say that foundations connected to Qaddafi cannot be entirely good, and that, in any case, the American taxpayer should not be contributing to them: particularly after the "hero's welcome" that Libya gave the Lockerbie terrorist, killer of 190 Americans. Saif was with him, grinning, arms extended, when he stepped off the plane.

■ The United Nations cultivates animus against Israel with unbounded enthusiasm. The body that gave the world the resolution that "Zionism is racism" has followed up with the Goldstone Report. This document of almost 600 pages was supposed to investigate last winter's hostilities between Israel and Hamas in the Gaza Strip. Over the last eight years, Hamas and other Islamist groups have fired somewhere on the order of 8,000 rockets and mortars from Gaza into Israel, terrorizing whoever was in range. Last winter Israel had finally had enough. In a short time, its forces killed hundreds of members of Palestinian security forces, 80 percent of whom were identified as members of a terrorist organization. The Goldstone Report holds that this campaign—with its attendant civilian casualties, which Israel took pains to minimize—constituted a war crime, and even a crime against

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

humanity. Moral equivalence is thus posited between those who really do commit such crimes and those who seek to defend themselves against them. The inversion of reality is startling. Nothing is made of the fact that Hamas has always been firing out of civilian areas, hiding and arming in hospitals and mosques, in effect using the Palestinian people as human shields and wagering that this would constrain Israel, as it did. The viewpoint of the Goldstone Report is that a state dealing with terror has no right to retaliate against terror, and no justification for any attempt to do so. Arab and Muslim states believe the report is a fruitful ploy in the long campaign to delegitimize Israel. Actually it makes the United Nations a laughingstock, yet again.

■ What if Israel preemptively takes out Iran's nuclear plants? London's *Daily Express* gives further credence to a story that Saudi Arabia would permit Israeli aircraft to use its airspace. Zbigniew Brzezinski has another perspective. The Democratic foreign-policy sage told the *Daily Beast*, a star in the blogosphere, that in the case that Israeli aircraft overflew Iraq on their way to bomb Iranian sites, "you go up and confront them." In the 1967 war, Israeli jets mistook the USS *Liberty* for an Egyptian ship, attacking and killing quite a few of its crew. Brzezinski is proposing a "*Liberty* in reverse," or in other words, shooting down allies in order to protect enemies whose favorite slogan is "Death to America!"

■ A new Law Library of Congress (LLC) report confirms what we have been arguing for three months: that Honduran authorities acted constitutionally in removing Manuel Zelaya from the presidency. As the report demonstrates, the Honduran supreme court has constitutional authority to hear a case brought against the president and issue a warrant for his arrest. It also has constitutional authority to request that the military execute an arrest order. This was the chain of events that led to Zelaya's arrest by the armed forces. Afterward, the Honduran national congress formally removed him from office. While there is no explicit constitutional provision giving lawmakers that authority, the LLC report concludes that they "used several other constitutional powers to remove President Zelaya from office." On the other hand, Article 102 stipulates that "no Honduran may be expatriated or handed over to the authorities of a foreign State." Therefore, Zelaya's deportation to Costa Rica was unconstitutional. Honduran authorities must decide how to resolve the matter of his exile, and whether to grant him an amnesty for his political crimes. (His non-political crimes are another story: Zelaya has been accused of looting the Honduran central bank.) But the LLC report should put to rest any notion that Zelaya still has a legitimate claim to the presidency.

■ Since 1991, every president has met with the Dalai Lama, every time the Dalai Lama has traveled to Washington. That means Bush 41, Clinton, and Bush 43. The Dalai Lama is traveling to Washington this month (October). But President Obama has said no. He is going to China in November, and is not willing to upset Beijing, by receiving the Dalai Lama, until after that trip. He argues that a "strong" U.S.-China relationship can only help the Tibetans. Some supporters of Tibet are grumbling about "appeasement." They wonder what Obama will have to show for his solicitousness of China. We wonder too. We also note that Obama fears not to offend China by slapping arbitrary tariffs on its goods while fearing to offend China by receiving one of the more admirable men on the planet, speaking for one of the more persecuted peoples on the planet. Maybe Big Labor should adopt the Tibetan cause?

■ The Empire State Building, an enduring symbol of capitalism and aspiration, was defaced: lit up red and yellow in honor of the 60th anniversary of the establishment of the People's Republic of China. There are many things to celebrate about the people and history of China, but the establishment of the Communist regime in Beijing is not one of them. That government has killed millions and oppressed uncounted numbers. It is the government of Red Guard terror, the horrors of the Cultural Revolution, famine, labor camps, organ harvesting, the oppression of ethnic and religious minorities—its story is a catalogue of misery and evil. The history of China did not begin with the establishment of the Communist regime, nor will it end when Mao's heirs join Stalin's in the dustbin of history. Light up the Empire State Building for that.

French president Nicolas Sarkozy announced that from now on his country's economic statisticians should include 'happiness' in their official calculations of gross domestic product. Even Escoffier would be impressed at this cooking of the books.

■ French president Nicolas Sarkozy announced that from now on his country's economic statisticians should include "happiness" in their official calculations of gross domestic product. Even Escoffier would be impressed at this cooking of the books; among other things, there are many possible definitions of "happiness"—as can be seen from an assortment of recent surveys, which have variously determined Costa Rica, Nigeria, and Denmark to be the happiest country on earth. (Within the U.S., one formula proclaims the happiest state to be Utah, and the happiest congressional district to be California's 14th.) The yoking of these disparate concepts, money and happiness, is an odd one in any case; one might as well reduce France's national debt when a new cheese is invented, or lower its lofty unemployment rate when the national soccer team wins. Still, we can easily see the Obama administration adopting Sarkozy's policy, for two reasons: (1) It's French, and (2) nearly as important, it would give them something new to tax.

■ *Washington Post* managing editor Raju Narisetti has deep-sixed his Twitter account after being criticized for sharing his liberal enthusiasms with *Post* readers. So: He'll still be liberal, we'll all still know it, and the *Post* still will suffer for it, but *Post*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

readers will know a little less about the news, and how it is edited, than they did before. How is that an improvement?

■ Chief Justice John Roberts was taking questions from students at the University of Michigan Law School. Someone asked him whether too many justices come from elite schools. Roberts, a graduate of Harvard College and Law School, said no: "Some went to Yale."

■ For years there has been a struggle over the Metropolitan Opera. Some people want its productions to be more hip, more with-it, more avant-garde—more like the productions in Europe, where the operas were born, and where they have recently been warped, undermined, and ruined. Others say, "Let the Met be the Met—a bastion of productions that are faithful and sane." The former group is now winning. New management has taken over the Met, and that management is dedicated to making the company more like a European house. They have struck a blow with their season-opening *Tosca*: which has Scarpia humping a statue of the Virgin Mary in church, just as Puccini and his librettists intended, right? Thing is, *Tosca* is already depraved and carnal—it is written into the score and libretto. There is no need for this "Europeanization"—this intrusion of a stage director's gross notions. On Opening Night, patrons were heard to call out, "Read the libretto!" and "Go back to Europe!" Usually the avant-garde types can intimidate the "traditionalists" into silence. The *New York Times*, ever helpful, ran a headline: "It's a New Met. Get Over It." But maybe New Yorkers, who have a reputation for boldness, will stand up against trendiness and for artistic integrity.

■ Director Roman Polanski was arrested while visiting Switzerland, and faces extradition to the United States for a 32-year-old crime. In 1977, Polanski, then 43, raped a 13-year-old girl. He pleaded guilty but fled to France, which has no extradition treaty with the U.S., when he feared that a judge would sentence him to more than time served. "In the same way that there is a generous America that we like, there is also a scary America that has just shown its face," said French culture minister Frédéric Mitterrand. In the same way that there is a Polanski whose movies—*Rosemary's Baby*, *Chinatown*—we watch even now, there is a Polanski who raped a kid after giving her champagne and half a Quaalude, then used money and fame to beat the rap. Unless the law is only for the inhabitants of slums or trailers or suburbs, Polanski should obey it.

■ Irving Kristol grew up in that greenhouse of American intellectual life, lower-class Jewish New York. What he retained from his past was a delight in analysis and polemic; what he left behind were its ideological temptations, seeing, with his native common sense, that the world didn't work the way Trotsky said it did. By the mid-1960s, he saw that the world also didn't work quite the way Lyndon Johnson's Great Society hoped it would. Kristol failed to convert more than a handful of fellow intellectuals to his new views: Even longtime colleague Daniel Bell balked. But the essays he wrote in the Seventies for the *Wall Street Journal*, and the contacts he made with politicians, from Richard Nixon to Jack Kemp, spread his insights far and wide. Kristol focused on the political and social foundations of prosperity and order—and how America had supplied these to millions of people. Dead at 89. R.I.P.

■ The peak of William Safire's early career is a twice-told tale, but it deserves one more telling: As a 29-year-old PR man, he lured Vice President Richard Nixon and Premier Nikita Khrushchev to an exhibit of a "typical American house" that he was tending in Moscow, then snapped them debating the merits of capitalism. The photo made instant history; the haunch-faced bureaucrat at Nixon's side was a young Leonid Brezhnev. Safire wrote speeches for Nixon and Spiro Agnew, then in 1973 began a twice-weekly column for the *New York Times*. They billed him as their conservative voice, which he wasn't, quite: Safire was an anti-Communist liberal Republican. He had a sprightly style, a big bag of tricks (year-end predictions, first-person forays into leaders' thoughts), and a willingness to work the phones and to chase down malefactors of every stripe, including liberal Democrats. He was missed when he retired in 2005; is missed now that he has died, age 79. R.I.P.

■ The last sultan of the Ottoman Empire was Mehmet the Sixth, deposed in 1922 at the age of 61 and carried off to exile on a British warship. Fourth in line of succession at that point was ten-year-old Ertugrul Osman. Had the sultanate continued, Osman would have taken the title in 1994. As it was, he lived a modest life, domiciled for the last 64 years of it in a two-bedroom rent-controlled apartment over a restaurant on Lexington Avenue in New York City. He died September 23 at age 97, the last surviving Ottoman prince born into the empire, and so considered by Turks to be "the last Ottoman." Six hundred years after the first Osman chased the Byzantine remnant out of Anatolia and established the empire named (via a twist of phonetics) after him, the last faint glow of that empire has guttered out. *Sic transit gloria mundi*. R.I.P.

AT WAR

Hiding in Plain Sight

THE main thing to remember about the revelation that Iran has a secret uranium-enrichment facility is that it is not a revelation.

Sure, the facts are new. They are these: In addition to a uranium-enrichment site that international inspectors have monitored for years, Iran has been building a secret facility inside a mountain near the city of Qom. This facility is under the control of the Revolutionary Guards, the elite corps who take orders from the "Supreme Leader" and are imbued with that pious zeal for which Mahmoud Ahmadinejad is celebrated. It appears to be too small for large-scale energy production, but would be suited to enriching uranium for atomic warheads.

Rather than revelatory, however, these facts are confirmatory. They confirm, for instance, that the Iranian regime lies through its teeth about its nuclear activities. We knew this already from, among other things, the revelation two years ago that it had run a secret program (now supposedly disbanded) to develop a nuclear warhead despite assurances that its intentions were peaceful, and the revelation in 2002 that it had been operating a secret nuclear program for the better part of two decades.

They confirm, additionally, that the European approach to the crisis has failed. That approach was to assure the Iranian regime that no, we didn't want to do anything very hard on them, but yes,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

YOUR NEW DOCTOR?

When it comes to health care, what really matters is who decides. Under reform proposals before Congress, government would take over more and more of your health care decisions. Whatever it's called — socialized medicine . . . "co-ops" . . . a public option. . . individual or employer mandates — it's bad medicine.

In a major national survey* 4 out of 5 Americans were concerned that government mandates would:

- **REDUCE HEALTH CARE QUALITY**
- **INCREASE COSTS**
- **LIMIT CHOICES OF DOCTORS**
- **INCREASE THE FEDERAL DEFICIT**

There is a better, uniquely American solution: freedom. Freedom to choose your doctor and health plan. Freedom to spend your health care dollars as you choose. Freedom to make your own medical decisions. Freedom to keep a health plan you are satisfied with.

HEALTH CARE REFORM IS NEEDED. BUT GOVERNMENT MANDATES ARE NOT THE ANSWER.

VISIT HEALTHCARE.CATO.ORG

CATO INSTITUTE

PAID FOR BY THE CATO INSTITUTE
WWW.CATO.ORG

**Washington Post*-ABC News Poll, June 18-21, 2009.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

we would certainly like to give them a lot of money in exchange for their word that they are nice people.

Most important, they confirm that the Iranian regime is doing just what states do when they wish clandestinely to build nuclear weapons, and constitutes a very serious security threat. As though to drive this point home, Iran tested a group of medium-range missiles in the days following disclosure of the Qom facility.

Even President Obama seems not to feel very hopeful, having declared that the "configuration" of the facility is "not consistent with a peaceful program." Right you are, Mr. President; now what are you going to do about it? Obama's diplomacy remains one of wishful thinking and faith in international bureaucracy. He learned of the facility's existence during his transition briefings. How, then, to justify his administration's outreach to the Iranian regime? Why, then, did he waste his recent appearance at the U.N. uttering utopian-internationalist pabulum? Why did he not instead present the Qom facility—and the regime's failure to report it at the planning stage, as treaty obligations required—to Russia and China as justification for placing a new sanctions resolution on the Security Council's agenda?

We go to press just as the administration prepares to "engage" Iran in its October 1 talks with the five permanent members of the Security Council and Germany. It might use the occasion to demand major concessions, such as a suspension of enrichment and snap inspections, and to push for highly punitive sanctions in the face of Iranian intransigence. It might also send credible signals that the military option is back on the table (in part to prevent the need for exercise of the military option). Alas, there is no reason to think Obama will take such a tack, and every reason to think he will allow his Iran policy to founder upon the international bureaucratic procedures that allow diplomats to give the impression they are achieving something when manifestly they are not.

For the better part of a decade, the diplomatic establishment has wanted—for reasons self-interested in some cases and in others naïve—the world to think that Iran's intentions are peaceful. Iran has proved it wrong several times over. How much more confirmation do we wish to see?

HEALTH CARE

The Case against Baucus

Sen. Max Baucus's health-care bill, now working its way through the Finance Committee, is a collection of regressive taxes, hidden spending, price controls, and empty promises. It was rigged so that the Congressional Budget Office would find that it does not increase the deficit. This finding is supposed to make it look better than all the other Democratic health-care bills. But the bill hides its costs in two ways.

First, it claims to squeeze payments to Medicare providers by $300 billion. Congress has passed smaller payment cuts before and then refused to let them take effect. There is no reason to expect a different outcome this time. Second, the bill forces individuals to cover many of its costs. (We called this maneuver a "tax increase" before President Obama brought terminological sophistication to Washington.)

Like all the Democratic legislation, the Baucus bill would increase premiums for most people: by increasing demand for health services among the newly insured; by prohibiting insurers from giving discounts to healthy customers; and by forcing all Americans to purchase more comprehensive policies than they might want to buy. Real wages could therefore be expected to fall, or at least to rise less. All those people who have, for whatever reason, turned down the insurance their employers offer would find themselves forced to buy it—actually, for the reasons mentioned, to buy a more expensive version of it—or to pay a $1,900 fine.

The bill would also crush any flickering chance at entitlement reform. Cutting provider payments is, given the government's market power, an attempt to tighten price controls on the health-care industry, which has for decades been Washington's preferred alternative to structural reforms. The price-control strategy has not brought costs under control, obviously, but has made the health sector more inefficient—and has also inspired provider groups to lobby Washington to keep the price controls weak. The Baucus bill further institutionalizes the price-control strategy by establishing a cost-cutting board insulated from congressional control that can, by law, only recommend provider cuts. Market reforms that escape from the price-controls-or-bankruptcy bind will be out of order.

Democrats believe that they have to pass major health-care legislation, no matter how much unease it inspires, or be branded as failures. We suspect that voters would be happy to see the Democrats work with Republicans to enact bipartisan improvements to the health-care system: increasing access to insurance by reducing the tax penalty on people who buy insurance for themselves; cutting costs by allowing a national market in individual insurance to emerge. If Democrats continue on their present course of folly, however, Republicans should do everything they can to defeat health-care legislation—and pledge, if it passes, to repeal it at their first opportunity.

JOSE LUIS MAGANA/AP

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Discover an easy way to enjoy better wines. And SAVE $120 now.

(under $6 a bottle)

Only $69.99 worth $189.99

With wine, a little insider advice is always very useful. The Discovery Club from WSJwine offers you precisely that.

Start with this superb case of reds – and a $120 savings!

Look forward to sumptuous Sonoma Cabernet, chocolaty-rich Barossa Shiraz, silky Pinot Noir from a nine-time California Winery of the Year and fine 2005 Bordeaux – the vintage everyone is chasing.

Taste why critics are so excited about Argentina's Malbecs with an inky-black trophy winner. Enjoy deep, dark Italian Primitivo (50 awards in 6 vintages). Then authentic vanilla-oaky Rioja and top estate Chilean Cabernet of terrific black currant purity.

Your wine, your choice. No fees, no obligation.

Every three months, we will reserve a special 12-bottle case of reds for you – priced at $139.99, with satisfying savings. We tell you in advance about the wines. If you're happy with them, you need do nothing – they'll be delivered to you with tasting notes on each. Perhaps you'd prefer a mixed or all-whites case – just call us for the details.

If you don't need wine at that time, simply let us know. You have no obligation at all – and there are no membership fees. The Discovery Club is just a wonderfully convenient way to keep your wine rack well-stocked. Every wine guaranteed to please, or your money back.

WSJwine *from* THE WALL STREET JOURNAL.

12 delicious reds
ONLY $69.99 – SAVE $120
($19.99 shipping plus applicable sales tax)

***Your* FREE GIFT**
$49.99 value

Order now and you'll also receive a FREE deluxe lever-action corkscrew set.

Call now 1-877-975-9463
or visit wsjwine.com/88046

To order please quote code 88046
Lines open Mon–Fri 8am-11pm,
Sat & Sun 8am-8pm EST

WSJwine is operated independently of The Wall Street Journal's news department. Licensed retailers only accept orders from adults at least 21 years old. Void where prohibited by law. All orders will be processed and fulfilled by licensed entities in the industry and applicable taxes are paid. Offer subject to availability. Delivery is available to AZ, CA (offer may vary for California residents), CO, CT, FL, IA, ID, IL, IN, LA, MA, MI, MN, MO, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OR (not eligible for free gift), SC, TX, VA, VT, WA, WI, WV, WY and DC. Offer available to first-time Discovery Club customers only and limited to one case per household.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Pop Economics

Greed did not cause the financial crisis; bad investments did

BY KEVIN D. WILLIAMSON

President Obama congregated with world leaders at the G-20 summit in Pittsburgh to reform banks' compensation practices. It is fitting that they chose the hometown of Andy Warhol as the background for this exercise in pop economics: Like Warhol's famous portrait of Chairman Mao, President Obama's economics are superficially appealing but best relegated to the 1970s. And Warhol got it wrong: In the future, everybody will be an executive-compensation expert for 15 minutes.

Barack Obama has got it in his head that there was a global financial catastrophe because executive-compensation boards failed to avail themselves of the wisdom of Barack Obama, who has described compensation practices as "shameful" and "the height of irresponsibility." And he's not the only one. A Canadian official dispatched to the G-20 told Reuters that executive pay will be reformed in the direction of "deferring bonuses, building in claw-backs if performance deteriorates, focusing bonuses in things like stock." FDIC boss Sheila Bair agrees: "We need to make sure that incentives are aligned among all parties by making compensation contingent on the long-run performance of the underlying loans." Ben Bernanke is on board, saying the Fed will "ask or tell banks to structure their compensation, not just at the very top level but down much further, in a way that is consistent with safety and soundness—which means that payments, bonuses, and so on should be tied to performance and should not induce excessive risk." Tim Geithner's singing from the same hymnal: "You want compensation to come substantially in the form of equity in the firm that vests over time, that is at risk, that can be clawed back if returns don't materialize." And the omnipresent Anonymous Administration Official chimed in: "This is not going to be about capping compensation or micromanagement. It will be about understanding what is the best way to align compensation with sound risk management and long-term value creation."

Paul Krugman struck a characteristically moralistic tone, writing: "In a nutshell, bank executives are lavishly rewarded if they deliver big short-term profits—but aren't correspondingly punished if they later suffer even bigger losses. This encourages excessive risk-taking: Some of the men most responsible for the current crisis walked away immensely rich from the bonuses they earned in the good years, even though the high-risk strategies that led to those bonuses eventually decimated their companies, taking down a large part of the financial system in the process."

With all due respect to the sages of the Beltway and the Nobel Prize committee, this is pure mortadella—which is to say, it's a lot like baloney, but rarefied and expensive.

As it happens, these pronouncements come on the heels of the first academic study of the question of bank performance and CEO compensation, a paper from the National Bureau of Economic Research published under the refreshingly straightforward title "Bank CEO Incentives and the Credit Crisis." The authors, Rüdiger Fahlenbrach and René M. Stulz, of the École Polytechnique Fédérale de Lausanne and Ohio State University, respectively, ask the very question invited by Obama et al., and their results do not support the pop-economics conclusions preferred by Democrats, Eurocrats, and the "Capitalism Done It" school of economics. Prediction: The people who vowed to elevate science over superstition in matters of national policy will ignore the economic science and embrace the emotionally gratifying superstition.

That there exists a discontinuity between the interests of the owners of capital and those of the managers of that capital is not a blisteringly original insight, having crossed the minds of such noted economists as Jesus (cf. Luke 16:1–13) and Joseph Conrad (cf. *Nostromo*), and figuring in the work of moral philosophers such as Adam Smith, who wrote: "The directors of companies, being managers of other people's money than their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own." So we've been working on this problem for a while.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Premium sound has never been easier.

**The Bose®
Wave® music system.**

Selecting a sound system traditionally has required a difficult compromise. With conventional systems, if you make premium sound your priority, you have to deal with large speakers, stacks of equipment and plenty of wires to hook them up. Opt for small size and simplicity, and you sacrifice the sound.

Meet the Bose Wave® music system. It delivers all the pleasures of premium sound from a compact system without the traditional compromises or limitations. Rich Warren of the *News-Gazette* says it "will flat out seduce you." And *Forbes FYI* reports that "you'll think you're listening to a…sound system that costs five times more."

Shown in Graphite Gray with optional Multi-CD Changer.

Easy to enjoy. The Wave® music system provides a room full of Bose quality sound from an all-in-one system that requires little space and is delightfully simple to use. There are no wires to hook up, no confusing buttons or dials to adjust. Just plug it in and hear the kind of sound that you may have only thought possible from a much larger system. In fact, David Novak, the Gadget Guy, says, "It can easily replace whatever component system you currently have."

Easy to use. A credit card-style remote lets you operate everything – a convenience you'll appreciate when playing CDs or MP3 CDs, tuning into FM/AM radio or setting the clock and alarm. You can connect an additional audio source, so enjoying lifelike sound from your TV or MP3 player couldn't be simpler. You also can add an optional Multi-CD Changer to enjoy your favorite music for hours. And with its small and elegant design, the Wave® music system fits in just about anywhere: your living room, kitchen, bedroom, wherever you want better sound.

Easy to try. Use our 30-day, risk-free trial to experience the Wave® music system in your home. Listen to your favorite music, try it in different rooms, and hear what you've been missing.

Easy to order. Simply choose your favorite color: Platinum White, Graphite Gray or Titanium Silver. And when you call, ask about making **12 easy payments,** with no interest charges from Bose.* Order your Wave® music system with the Connect Kit for iPod by Oct. 31, 2009, and save $50. The kit makes it easy to play your iPod or iPhone through the system. It includes a remote that controls both the system and key iPod functions, and a dock that recharges your iPod. When your Wave® music system arrives, just take it out of the box, plug it in and listen to your favorite music. Then sit back and experience the kind of performance that has made Bose the most respected name in sound. Now what could be easier than that?

SAVE $50 when you order the Wave® music system with our Connect Kit for iPod by Oct. 31, 2009.

To order or learn more:

1-800-925-9738, ext. TR710

www.Bose.com/WMS

BOSE®
Better sound through research®

*Bose payment plan available on orders of $299-$1500 paid by major credit card. Separate financing offers may be available for select products. See website for details. Down payment is 1/12 the product price plus applicable tax and shipping charges, charged when your order is shipped. Then, your credit card will be billed for 11 equal monthly installments beginning approximately one month from the date your order is shipped, with 0% APR and no interest charges from Bose. Credit card rules and interest may apply. U.S. residents only. Limit one active financing program per customer. ©2009 Bose Corporation. Patent rights issued and/or pending. The Wave® music system's distinctive design is also a registered trademark of Bose Corporation. Financing and savings offers not to be combined with other offers or applied to previous purchases, and subject to change without notice. Connect Kit works with many iPods with a click wheel; call for details. If the Wave® music system is returned, the Connect Kit must be returned for a full refund. Offers are limited to purchases made from Bose and participating authorized dealers. Offer valid 10/1/09-10/31/09. Risk free refers to 30-day trial only and does not include return shipping. Delivery is subject to product availability. iPod and iPhone are trademarks of Apple Inc. All other marks are property of Bose Corporation. Quotes reprinted with permission: Thomas Jackson, *Forbes FYI*, Winter/04.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Fahlenbrach-Stulz study is filled with data and regressions and mathematical deliciousness, but the short version is this: Compensation structures didn't make much difference. The slightly longer version is this: There was not much significant correlation between different executive-compensation structures at banks and the performance of those banks during the financial crisis; and, to the extent that there was any sort of correlation, executives whose financial well-being was most closely bound with that of their banks tended to perform slightly worse, not better, than executives who had less rigorously performance-based pay.

Bank CEOs get paid in lots of ways. They get salaries—shocking salaries by the standards of those of us who work outside of Wall Street or Major League Baseball. But those salaries aren't a big part of their overall paydays. Among the executives studied by Fahlenbrach and Stulz, salary was about 10 percent of total compensation. Executives get cash bonuses, too, but for the most part they are paid in stock: either in the form of regular grants of shares in the companies they manage or in the form of stock options. People who hate Wall Street hate stock options, and they argue that options give executives an unhealthy incentive to push up stock prices in the short term at the expense of the long-term interests of the corporation and its shareholders. You know the story: The CEO loads the firm up with debt, engages in a couple of meretricious transactions, slathers on a rich layer of accounting chicanery, and then cashes in just before the company nosedives and little old ladies with blue-rinsed hair get thrown to Arizona coyotes when their retirement funds evaporate. That's Barack Obama's story. But the facts don't back it up.

The CEOs didn't dump their stock, and most of them took huge hits to their personal net worth. Fahlenbrach and Stulz found that the typical CEO had employer stock in his portfolio equivalent in value to about ten years' worth of compensation. This is what is meant by "aligning executives' interests with those of shareholders"—you make executives shareholders. In fact, the typical bank CEO owned about 1.6 percent of the outstanding shares of his company's stock, which is a huge amount when you consider that we're not talking about the First State Bank of Humptulips, Wash., but about Merrill Lynch, Bank of America, etc. Dick Fuld lost a billion dollars when Lehman went toes up, and Sandy Weill lost a half-billion dollars when Citigroup turned ass-over-teakettle. Yes, they're rich guys, but having a billion dollars at risk goes a long way toward aligning incentives.

In fact, the CEOs were more conservative than they might have been: Most of the mortgage-backed securities they loaded up on were AAA, but they could have sought higher returns by stocking up on riskier AA or BBB investments. And those credit-default swaps that everybody is lamenting were, it bears keeping in mind, insurance policies on those investments.

Further, if you look at how much money the bank CEOs lost personally, at their transactions before the crisis, and at other indicators of how they were balancing their own interests with those of the shareholders, the populists' one-word explanation of the crisis—"Greed!"—sounds silly. CEOs did not dump their shares before the crisis. On average, bank CEOs lost $2.7 million on the shares they sold and, more significant, $28.8 million on the shares they held on to. That's a lot of schmundo, even for Wall Street types. As Fahlenbrach and Stulz report: "Had CEOs seen the crisis coming, they could have avoided most of these losses by selling their shares. They clearly did not do so." Why? Out of a sense of solidarity with their shareholders? Slim chance, Sunshine. CEOs got pantsed because they thought they were making good investments on behalf of their shareholders—investments that prudently balanced risk with profit opportunities—and they were wrong. Spectacularly wrong.

Normally, spectacularly wrong investments are a problem only for those who made them. Weep not for Dick Fuld and the ten-digit crater in his checking account. But the bankers' bad decisions became a global crisis because they all made similar bad decisions at the same time. And the explanation for that fact is not greed but homogeneity—one source of which is regulation. While Barack Obama, Barney Frank, and the rest of the gang are taking a proctoscope to executives' paychecks, the substantive problems are going, at best, unaddressed. Stephen Spruiell and I have argued in these pages that politics was the main actor in creating the housing bubble, and Jeffrey Friedman of the University of Texas recently made a persuasive case that Basel rules encouraged banks to load up on mortgage-backed bonds by giving those securities a more attractive risk weighting than that assigned to the mortgages themselves.

Shouting 'Greed!' does about as much to explain the financial crisis as shouting 'Beelzebub!' or 'Mister Snuffleupagus!'

Greed is a Deadly Sin, but it does not seem to be what caused the crisis. Regulation—the nitty-gritty, boring specifics of it—has been at least as much of a problem as it is a potential solution.

You've heard a thousand moralistic speeches about Wall Street greed and outlandish executive compensation. You probably have heard not one speech about Basel risk-weighting rules. But shouting "Greed!" does about as much to explain the financial crisis as shouting "Beelzebub!" or "Mister Snuffleupagus!" If we allow our policies to be shaped by Obama's millimeter-deep pop economics, by economic superstition rather than by economic fact, we are setting ourselves up to solve "problems" such as CEO pay that are not, probably, problems—certainly not national political problems—while substantive concerns go unaddressed. Denouncing CEOs in jactitations of populist rage is a fruitless exercise, but one that makes you feel good, for a short, sharp moment. There's a biblical word for that, too (cf. Genesis 38:9), and it ain't "usury." **NR**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

65-Year Old Secret U.S. Government WWII Mystery Revealed

Declassified documents and fateful World War II military attack weave dramatic tale of a top-secret fortune in silver

MINNEAPOLIS, MN—Off the coast of Aden, at the bottom of the Arabian Sea, a drama recently unfolded, the likes of which might have been lifted from the script of an action-adventure movie.

Hovering just above the dim outline of a sunken ship, two men in deep-water diving suits squint through the thick glass of their bubble helmets as a huge steam shovel–like "grab" slowly peels away the rusting steel deck of a World War II-era American Liberty cargo ship.

As the steel plate is torn free and tumbles away to the ocean floor, the men focus a powerful underwater lamp into the now exposed hold. For a moment they are blinded by the reflection of the light as it bounces off over a million silver coins—they have found the long-lost American silver treasure of World War II.

TREASURY DEPARTMENT

UNITED STATES MINT SERVICE

PHILADELPHIA, PA.

Director of the Mint
Treasury Department
Washington 25, D. C.

July 15, 1944

Dear Madam:

We wish to advise that we shipped through the Procurement Division (three copies). However, Mr. Oliver took the supplies with him yesterday and advised us that he will mail the invoices to the Procurement Division in Washington. If you do need additional copies, however, we have them.

With the present rate of storing Guilders, our storage space will be exhausted, and the quicker the shipments of the Saudi Arabia can be expedited the better.

Very truly yours,

On August 28, 1944, a shipment of secretly minted U.S. Government silver coins sank in the Arabian Sea. Now the last remaining coins from the recovered treasure are being released to the public.

(Left) U.S. Treasury Department letter to the Director of the Philadelphia Mint advising the shipment of silver coins to Saudi Arabia.

Secret Document Discovered

Decades earlier, a researcher in the National Archives on the Mall in Washington D.C. stumbled onto a secret World War II document. It was a letter from the superintendent of the U.S. Mint in Philadelphia stating that the Mint had shipped 3 Million Saudi Arabia Silver Riyals on July 14th, 1944.

Why did the U.S. Mint produce Saudi silver coins at the peak of World War II? And why was their existence kept top secret for decades after being lost at sea?

Oil Refinery for Ras Tanurah

As World War II continued, it was clear that fuel to power the war machine was the key to victory. In 1943 the Joint Chiefs of Staff convened to find a solution. If they didn't, the outcome of the war was at risk.

The solution: Build a secret fuel refinery at Ras Tanurah, a remote stretch of Saudi Arabian desert on the Persian Gulf.

Early in 1944 the Philadelphia Mint struck some three million Saudi Arabian Silver Riyals to pay for the refinery. To keep the project "Top Secret" the coins were dated 1935 and bore an Arabic inscription stating they were "Made in Mecca". They were thus indistinguishable from other silver Riyals minted before the war and could not be traced to the U.S.A.

As the concrete foundations for the new oil refinery were poured at Ras Tanurah, a military escort stood guard in the U.S. while wooden crates filled with newly minted silver coins were loaded into the hold of the cargo ship S.S. John Barry.

File photos of a U.S. Liberty Ship similar to the S.S. John Barry and a WWII German U-boat.

Lost to the Winds of War

On August 28th, 1944 as the S.S. John Barry approached Saudi Arabia, the German U-Boat U-859 landed torpedoes in her belly and the secret silver cargo of the S.S. John Barry sank to the bottom of the sea.

Without the silver Riyals, construction of the Ras Tanurah refinery was halted.

Recovered—and Melted Down

When the remains of the S.S. Barry were discovered, no one knew what would be found inside her, but the massive claws of the "grab" lifted a huge cache of silver coins and disgorged them like a giant slot machine onto the deck of the salvage ship.

The coins were shipped to a refiner and melted down into ingots.

Fortunately, the salvage operators set aside a tiny fraction of the nicest examples for themselves. GovMint.com has now obtained the rights to offer the coins from the once secret U.S. government treasure.

The WWII Philadelphia Mint Saudi Silver Riyals are being released to the public for an affordable $39.95 each, plus shipping and handling. Each WWII silver coin includes a presentation case and a signed Certificate Authenticity.

3 coins are just $36.95 each, with 5 or more just $32.95 each. Supplies are very limited. A rapid sell out is expected and this offer may be halted at any time.

A toll-free number has been set up to take orders for the WWII Secret U.S. Silver Treasure at 1-800-973-3098 under Special Offer Code JBC127-02. A 30-day risk-free satisfaction guarantee is included, which provides a full refund less shipping and handling if you return your coins.

Saudi Arabia Silver 1 Riyal, recovered from the S.S. John Barry. Each coin is housed in a presentation case together with a Certificate of Authenticity.

©GovMint.com, 2009. Prices subject to change without notice. *Note: GovMint.com is a private distributor of worldwide government coin issues and is not affiliated with the United States Government.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Ms. Bair Stays in Washington

The head of the FDIC, under Bush and Obama, is a poor fit for the job

BY JOHN BERLAU

In making the case that the Federal Deposit Insurance Corporation ought to be given more power over financial institutions, chairman Sheila Bair often invokes what she sees as its proud past. "For 75 years, the FDIC has quickly and effectively resolved failed banks," she said in an April speech. "We are good at this. We have had a lot of practice over the years."

This address, like others by Bair, received fawning press coverage. Bair is credited with helping to restore public confidence in banks during the financial crisis and preventing bank runs like those of the 1930s. But more negative aspects of her tenure are often overlooked. That the FDIC insurance fund, which guarantees federally insured bank accounts up to $250,000, is, according to the AP, "at its lowest point since 1992, at the height of the savings-and-loan crisis" and may need a bailout from the Treasury Department hasn't prodded most financial reporters to question Bair's management. One of the few critics, Bloomberg columnist Jonathan Weil, recently wrote: "The FDIC has been mismanaged, and its credibility as a regulator is in tatters. Its insurance fund wouldn't be in this position today if the agency had been run well."

Appointed to head the FDIC by George W. Bush in 2006, Bair has won plaudits from Democrats, such as House Financial Services Committee chairman Barney Frank, and much of the media establishment, both for the populist sentiments she has expressed against big banks and their CEOs and for her initiatives to aid borrowers.

Ranked by *Forbes* as the second-most powerful woman in the world after German chancellor Angela Merkel (a fact trumpeted in Bair's bio on the FDIC website), Bair is a Washington fixture. A native of Kansas, she is a moderate Republican who recoils at much of both social and economic conservatism. She recently described her ideology to Ryan Lizza of *The New Yorker* as "akin to [that of] Teddy Roosevelt's trust-busting age." With no formal training as an economist, Bair got her start in Washington working for her famously non-ideological home-state senator, Bob Dole, and was research director for his 1988 presidential campaign.

After Dole lost the nomination, she returned briefly to Kansas, where she ran as a pro-choice moderate for the U.S. House and lost the GOP primary. George H. W. Bush soon appointed her to the Commodity Futures Trading Commission, and in 2001 George W. Bush appointed her assistant secretary of the Treasury for financial institutions. In 2006, for reasons that are still unclear to liberals and conservatives alike, he appointed her chairman of the FDIC.

In many of the stories about Bair, both she and the reporters covering her use the metaphor of the "passbook" to describe ordinary American savers; *Time* has called her "America's Passbook Protector" and the "voice of ordinary passbook holders." In his *New Yorker* piece, Lizza wrote that Bair, who briefly worked as a teller at a small-town bank in Kansas in the 1970s, "recalls with nostalgia the simplicity of banking in those years, when children learned about the magic of compound interest by using passbook savings accounts, and their parents knew the lenders by name."

But there is something inapt about this symbol that Bair's admirers invoke, besides the fact that many of those who manage their finances online have never even heard of a passbook. It's that saving is very different today. When the FDIC was created in 1933, depository banks were the only place most Americans kept their funds. But by 2001, 52 percent of American families had at least some of their savings in retirement plans such as IRAs and 401(k)s, which consist of investments in stocks and bonds.

In her rhetoric and many of her actions, Bair seems to be in a time warp, in which investors are the fat cats of the 1930s. Her attempts to protect depositors and troubled borrowers have often been at the expense of middle-class investors and the overall financial system.

Bair has at times served taxpayers well, and her non–New York perspective can be valuable. She made the right call this summer in refusing FDIC aid to CIT Group, a New York City–based commercial lender that was recently given bank-holding-company status by the Federal Reserve and money by the Treasury Department. Some financial-industry players argued for a bailout of CIT, but by closing the door on further government help, Bair and others in the Obama administration forced its bondholders to organize a private rescue. The fact that markets continued to climb after this occurred confirmed the belief of some that much of last year's disruption could have been avoided had the government let Bear Stearns fail, drawing clear lines for other firms that would follow.

At other times, though, a seeming animus against investors has led Bair to take harmful actions that may have contributed to or prolonged the financial crisis. In the FDIC's September 2008 seizure of Washington Mutual, which was immediately sold to JPMorgan Chase, even depositors above the insurance limit were made whole, yet bondholders were forced to take an almost total loss. *Wall Street Journal* economics editor David Wessel's acclaimed new book, *In Fed We Trust*, describes the WaMu bondholder wipeout, which came just days after the implosions of Lehman Brothers and AIG, as the final nail in the coffin for private investment in commercial banks. A paper by European Central Bank economists states that it was "after the collapse of Washington Mutual" that "the crisis spread outside the investment-banking realm."

Bair's pattern of protecting all depositors—banking consultant Bert Ely found that in only a handful of the bank closings of the past two years did depositors with balances over the insurance limit take a hit—is turning her populism on its head. Those with bank accounts of six and even seven figures are protected from any risk, while pensions and other investment vehicles that serve less wealthy Americans have frequently borne the brunt of the loss from a bank failure.

Mortgage modifications are another area where Bair's populism has hurt middle-class savers. Since April 2007, she has cajoled banks to freeze interest rates and reduce principal on mortgages, a move that led Frank and other Democrats to cheer her for taking on the "big banks." But among the problems with doing this on as large a scale as Bair advocated, rather than on a loan-by-loan basis, is that banks

Mr. Berlau is director of the Center for Investors and Entrepreneurs at the Competitive Enterprise Institute.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Technology Simplified

Finally…A Computer That's Designed For YOU, Not Your Grandchildren!

…It's easy to read. It's easy to see. It's even easier to understand.

Just plug it in and GO!!!

NEW

- Big Bright Screen
- One-Touch Screen Magnification up to 200%
- Large Over-Sized Keyboard
- "GO" Button Makes Sure You Never Get Lost
- So simple to set-up and use. There's no need for computer classes or instructional DVD's.
- Customer Service with "Seniors helping Seniors"

Not available in stores!

I know what you're thinking. Another computer ad. Another computer that you'll have to ask your kids and grandkids how to use. You'll hit the wrong button, erase the screen and that will be it. Into the closet it goes. Well, have we got good news for you. This simple-to-use computer was developed and tested by MyGait, the industry leader in making computing easy for seniors. Until now, it was only available in Senior Centers and Retirement Living Communities. Now, for the first time ever, it's available to you.

Easy to use and worry-free. This extraordinary computer comes ready to use right out of the box. All you do is plug it in. Once you're online, the navigation is simple– just press GO! You never get lost or "frozen."

A key part of the Designed for Seniors® GO Computer is that you never have to worry about maintaining your computer … we do it for you … remotely. So it never slows down, never crashes, never freezes, and you never have to worry about spam or viruses. We eliminate and prevent these problems around the clock— for less than seventy five cents per day. Imagine— never having to call your neighbors or relatives or a "repairman" to come "fix" your computer. You never have to worry that your emails, files, or photos will be "lost". And in the unlikely event that your computer does develop a problem we'll send you a replacement absolutely free. And since your data is remotely stored, you'll immediately have access to all of your original emails, files, and photos … instantly. No other computer can do that!

Since it's been created with seniors in mind, the display is easy to read and simple to navigate. All you do is follow the green "GO" button to any place your heart and mind desires. No confusing icons, tool bars, cascading windows, or computer jargon.

To see how this amazing computer is improving the day-to-day life of an 80 year old senior, go to www.rosemaryscomputer.com

Day 1 – My goal is to use Email. Pray for me.
Day 6 – I can send and receive Email – it's a miracle.
Day 24 – I'm using the Internet and making greeting cards.
Day 27 – I've found Party Invitations!
Day 29 – I've become addicted to News stories.

Call now for a 30 day home trial. It's a shame that the very people who could benefit most from Email and the Internet are the ones that have the hardest time accessing it. Now, thanks to the GO Computer, countless older Americans are discovering the wonderful world of the Internet every day. Isn't it time you took part? Call now, and a patient, knowledgeable product expert will tell you how you can try it in your home for 30 days. Call today.

designed for SENIORS®
GO COMPUTER™

Call now for our special introductory price!

Please mention promotional code 38857.

1-877-721-9038

*first*STREET
for Boomers and Beyond®

1998 Ruffin Mill Rd.
Colonial Heights, VA 23834

www.theGOcomputer.com

15% restocking fee may apply to returns – ask your GO Computer expert for details. High-speed internet connection is required.

57697 Copyright © 2009 by *first*STREET for Boomers and Beyond, Inc. All rights reserved.

GO ***…send and receive emails*** Keep up with family and friends.

GO ***…"surf" the internet*** Get current weather & news.

GO ***…play games online*** hundreds to choose from!

Tested for over 8 years in Retirement Living Communities and Senior Centers.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

often don't own these loans, but act as "servicers" for investors who bought them in packages of mortgage-backed securities. The banks have a fiduciary duty to honor the contracts and get the best returns on these investments, many of which provide the income for pensions and other vehicles that serve middle-class savers.

Bair has made many statements disparaging investors, seeming oblivious to their importance to the financial system. When, in December 2008, the issue arose as to whether the loan modifications she was encouraging would trigger investor lawsuits against banks for breach of contract, Bair said, according to the AP, "Investors should be taking a hard look at what they're advocating." She also said: "There's going to be backlash" if investors move forward with suits, and the AP article paraphrased her as implying the threat that "Congress may step in and change the

ROGER L. WOLLENBERG/UPI

Sheila Bair

legal obligations of mortgage servicers toward investors."

An FDIC spokesman says Bair "never advocated" that Congress do this, and was simply warning that it could happen. But shouldn't Bair, as a defender of a financial system dependent on the sanctity of contracts, be actively arguing against Congress's taking such destructive actions? "If she were really doing all she could to guard the financial system, she would be advocating that contracts be honored," says William Frey, CEO of the Greenwich Financial Services investment firm, who is suing disgraced financial lender Countrywide Financial for breach of contract in the mortgages it sold to investors.

Frey and others say the browbeating, by Bair and other officials, of banks to make loan modifications and of investors to accept them was a significant factor in driving down the value of the mortgage market. John Tamny, editor of RealClearMarkets.com, writes that ever since the government in spring 2008 "asked mortgage lenders to 'voluntarily' reduce contractual mortgage rates, the market for mortgage-backed securities has never been the same."

Tamny is referring to Bush Treasury secretary Hank Paulson's "Hope Now" initiative, which got lenders to agree to freeze interest rates on some loans. Bair influenced that program, but it did not go as far as she would have liked. Now, with Obama in office, the government is subsidizing banks to the tune of $75 billion to modify mortgages—as Bair has pushed for—but is not compensating investors for losses. And Congress indeed passed a bill in May that limited investors' right to file breach-of-contract suits, though not to the degree that Democrats like Frank had originally desired. Frey says such contract abrogation will likely further reduce the "value of mortgage instruments because of the uncertainty it creates."

Bair also helped reduce the value of mortgages and other bank assets through her advocacy of the flawed mark-to-market or "fair value" accounting standards. Set by a quasi-private body, these have been blamed by everyone from Steve Forbes to liberal economist Mark Zandi for accelerating the financial crisis by forcing banks to value assets such as mortgage-backed securities at the "market" price, even if the relevant market is thinly traded and the underlying loans are still performing well. Famed investor Warren Buffett said mark-to-market was "gasoline on the fire in terms of financial institutions."

When asked on CNBC in February whether something should be done about these accounting rules, Bair said, "I don't think so. . . . If you don't like fair-value accounting, what else do you use?" In later comments, she has sounded more critical of the rules. Statutes somewhat restrict the FDIC from setting aside the rules—but the question remains as to why Bair didn't advocate changes to them when she had Congress's ear.

Now Bair advocates expanding the FDIC's reach from banks to financial holding companies. Under her plan, the FDIC would have the authority to seize a broad array of businesses whose failure would pose a "systemic risk," and would be able to cancel many forms of contract. Given Bair's history of flawed moves, some due diligence is in order before we make this investment in government authority. **NR**

Obamacare In Practice

New England has already tried much of it, and the results are not encouraging

BY STEPHEN SPRUIELL

THE sales pitch for Obamacare is built on the following promises: The reforms will cut health-care costs. They will reduce the number of uninsured. You can keep your health insurance and continue to enjoy the same quality of care. And the plan will pay for itself.

There are plenty of reasons to doubt these promises—the numbers just don't add up, for one. But we don't have to rely solely on CBO estimates and statistical projections to reach our judgment: We can simply turn our attention to New England, where most of the administration's proposals have been tried.

Vermont, Maine, and Massachusetts all force insurance companies to offer coverage to individuals regardless of health status, an arrangement known as "guaranteed issue." All three states also forbid insurers to charge different rates based on health status, a policy known as "community rating." Maine has a form of the "public option," a government-run insurance plan that competes with private plans and offers taxpayer-subsidized premiums, while Massachusetts has an "individual mandate" requiring everyone to purchase health insurance. Even New Hampshire—sometimes held up as an island of individualism in a collectivist sea—has, when it comes to health care, been swept along with the currents.

The result: Health care costs more in New England than it does anywhere else in the country. Insurance companies have fled the region, leading to less competition and higher premiums. The number of uninsured has gone down, true, but not by nearly as much as proponents of these reforms had predicted, while health-care subsidies eat up an ever-growing share of the states' budgets, with the consequences of higher taxes and—yes—rationed care.

Vermont: New England's adventure in government-run medicine began in the early 1990s, when Vermont, Maine,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

FREE LOVE MAKES A COMEBACK

Make her day (and yours) with this $395 necklace of genuine 9 1/2 mm cultured pearls... FREE!

Genuine 9–9 ½mm cultured pearls. Enlarged to show detail.

One of my generation's greatest musicians once wrote, "All you need is love." I couldn't agree more. But unfortunately, that song's sentiment doesn't hold up so well around holidays. As my wife is fond of saying, "All you need is love... but a little jewelry doesn't hurt either." That's why here at Stauer we've decided to give away a spectacular 18" strand of giant 9–9½mm cultured pearls... absolutely **FREE**.

You read that right. In the spirit of both free love and free jewelry, this luxurious necklace of luxury-sized, white cultured pearls is yours for a phone call (you pay only basic shipping and processing).

The necklace that never goes out of style. A giveaway this outrageous deserves a piece of jewelry with a legendary reputation. That's why we chose the all-time favorite accessory of royals, starlets, fashionistas and First Ladies. But rather than choose a demure strand that sits politely on a woman's neck, we found a blockbuster cache of ENORMOUS 9-9½mm pearls to make a necklace that can't be ignored. You can shop online and browse stores all day and you'll find plenty of dainty 6 and 7mm pearls, but 9–9½mm are found only in the highest-end luxury retailers for top dollar.

Nature's beauty gets a boost. These are genuine cultured pearls, there's nothing imitation about them. The complex process was perfected by the Japanese at the end of the 19th century and today, cultured pearls are the choice of luxury brands all over the world.

The Stauer Cultured Pearl Necklace features extra large pearls, each slightly unique in shape and formed naturally inside the oyster's shell.

Your Stauer ***Cultured Pearl Necklace*** is a classically beautiful strand of luminous, extra large cultured freshwater pearls that you can compare to similarly-sized strands priced as high as ***$800 to $1,000!*** The closure is a unique, 22K gold-fused sterling silver magnetic clasp (it goes on and off without effort, but holds tight). It sounds hard to believe, but this elegant necklace really is yours **FREE**. You pay nothing except $29.95 in basic shipping and processing costs.

It's okay to be skeptical. But the truth is that Stauer doesn't make money by selling one piece of jewelry to you on a single occasion. We stay in business by serving our long term clients. As soon as you get a closer look at the exclusive selection, you're not going to want to buy your jewelry anywhere else.

One last point... It's been more than 40 years since Woodstock, so we figured it was about time for the idea of FREE LOVE to get a makeover. Please feel free to share our offer with friends, family and strangers. Spread the word. Share the love. But do it soon because we were only able to get so many pearls at this price. This offer won't last forever and is ***limited*** to one per shipping address. Please don't wait to call.

Ask about our satin and velvet travel case.

JEWELRY SPECS:
- Genuine 9/9½mm white cultured pearls
- 18" strand, hand-knotted
- 22K Gold-fused Magnetic clasp

9 ½mm Cultured Pearl Necklace
(18" strand) ***Your Cost*—FREE — pay shipping & processing only.**
Call now to take advantage of this extremely limited offer.

1-888-324-2091

Promotional Code LFP117-01
Please mention this code when you call.

Stauer
14101 Southcross Drive W.,
Dept. LFP117-01
Burnsville, Minnesota 55337
www.stauer.com

Smart Luxuries—Surprising Prices

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Massachusetts, and New Hampshire (and, beyond New England, the states of New York, New Jersey, Kentucky, and Washington) passed laws forbidding insurance companies to calculate prices on the basis of health status. New Hampshire, Kentucky, and Washington have since either repealed or partly repealed these laws.

Vermont was a trailblazer on this misguided path. In the spring of 1992, the Green Mountain State enacted the nation's first guaranteed-issue and community-rating mandates for individual coverage. According to an industry-sponsored study undertaken by Milliman, a consultancy, the passage of those laws led many insurance companies to stop offering individual coverage in the state; today, individuals can purchase plans from only two companies in Vermont.

To understand why that happened, consider the following well-worn analogy: Imagine you have no insurance and run your car into a tree. Now imagine that the law requires an insurance company to sell you a policy that covers the damage and forbids it to charge you a higher rate based on your driving record—or the fact that your car is already wrecked. You can easily see why such a law, enacted on the state level, might prompt insurance companies to take their business elsewhere.

In 2006, the Vermont insurance department studied the effects of these reforms on the market for individual health insurance and reached the following unsurprising conclusions: "The individual market seems to be performing badly: the number of people buying such coverage is falling drastically; coverage is unaffordable for many; and the only coverage that is available has very high cost sharing."

Maine: Guaranteed issue and community rating are not the only ruinous reforms with which New England has experimented. In 2003, Maine created a state-run insurance plan called DirigoChoice (the state motto, *Dirigo*, means "I lead"), offering subsidized insurance to families earning up to 300 percent of the federal poverty level. Even with the subsidies, enrollment has been far lower than expected. Approximately 10,000 people are currently enrolled in DirigoChoice. Of those, around 3,400 were previously uninsured, representing only 2.5 percent of Maine's uninsured population. The other 6,600 dropped out of private plans in order to take advantage of the subsidies.

Even though enrollment has fallen short of the state's goals, the cost of the program has exceeded the state's ability to pay. The economics are simple: The low-cost program immediately attracted the sickest patients, who ditched their more expensive private plans. The associated costs drove DirigoChoice premiums up by 74 percent, pricing out healthier Mainers. Earlier this year, a small-business owner told the *Bangor Daily News* that even with the generous subsidies—and even though she offered to pay 60 percent of their premiums—her eight employees still found DirigoChoice too expensive and declined its coverage.

The skewed economics of DirigoChoice have left it highly dependent on government financing, which has created a series of problems for policymakers. The program's initial funding mechanism was nothing short of bizarre: Each year, the Dirigo Health Agency had to come up with a number that (according to its experts) represented the amount of money DirigoChoice had "saved" the Maine health-care system; the law then required Maine insurance companies to pay that amount to the state. Needless to say, those calculations ended up being something less than rigorous, and the insurance companies objected. Employers argued that insurers were simply passing on the bill for these "savings-offset payments" to private policyholders. Last year, the furor over the payments led the agency to downgrade its savings estimate by $40 million, making the whole process look like an arbitrary sham.

The Democratic legislature tried to replace this funding mechanism with a tax on beer, wine, and soda, but Mainers exercised a "voters' veto" and repealed this tax via referendum. Running out of money, the legislature went back to taxing Maine insurance companies (and, by extension, private policyholders), enacting a 2 percent tax on all paid insurance claims. The state also has capped enrollment in order to keep costs from spiraling further out of control. The program's supporters are now looking to Washington for help. "We have a very limited capacity because of limited resources," Maine Office of Health Policy and Finance director Trish Riley said recently. "With federal money, more people would become eligible and the federal government would require people to have coverage."

Massachusetts: Requiring people to buy coverage is often touted as a solution to "adverse selection"—the problem created when sick people opt in to an insurance plan while healthy people opt out. But mandated coverage also has been tried in New England, and, while it did bring down the number of uninsured, it did not help contain costs. Under Commonwealth Care, individuals in Massachusetts are required to purchase health insurance, and employers with more than ten employees are required to offer insurance to their workers; anyone failing to comply with these mandates is subject to penalties. As in Maine, families with incomes of up to 300 percent of the poverty level are eligible for subsidies.

While mandated coverage in New England brought down the number of uninsured, it did not help contain costs.

Forcing the healthy to buy coverage was supposed to diversify the risk pool, subsidizing the sick and lowering premiums for everyone. But that hasn't happened. Since the enactment of Commonwealth Care in 2006, premiums have gone up significantly faster than has the national average, primarily because requiring everyone to purchase a "minimum" level of coverage empowers the state to define "minimum"—and, inevitably, health-care providers and other interest groups have worked hard to make sure that "minimum" actually means "quite expansive."

As Michael Cannon of the Cato Institute has noted, lobbyists in Massachusetts have successfully pushed for the inclusion of prescription drugs, preventive care, drug-abuse treatment, hospice services, fertility treatments, prosthetics, telemedicine, and numerous other mandates in the definition of "minimum." So even if you already had insurance you were happy with, the new rules forced you to upgrade to a more expensive plan that the state ruled acceptable. So much for Obama's

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It doesn't play music, take pictures or surf the Internet

Over the years, cell phones have become smaller and smaller with so many complicated features. They are harder to program and harder to use. But the Jitterbug cell phone has simplified everything, so it's not only easy to use, it's easy to try. No crowded malls, no waiting in line, no confusing sales people, or complicated plans. Affordable and convenient cell phone service is only a toll-free phone call away.

Questions about Jitterbug?

Try our pre-recorded Toll-Free Hotline
1-877-742-4132.

Simplicity for everyone.

- Comfortable keypad designed to make dialing easy
- Large color screen displays numbers with clarity
- Patented design delivers clear sound and reduces background noise
- Bluetooth® and Caller ID enabled
- U.S. Based Customer Service
- Live, 24-hour Jitterbug Operators greet you by name, connect calls and update your Phone Book[1]
- Friendly, 30-Day Return Policy[2]
- No contracts or prepaid hassles

Why pay for minutes you'll never use!

Monthly Minutes[3]	50	100	200	New
Monthly Rate[4]	$14.99	$19.99	$29.99	New
Monthly Minute Carry Over	60 Days	60 Days	60 Days	New
Night/Weekend Minutes	—	—	500	New
Operator Assistance	24/7	24/7	24/7	
Long Distance Calls	FREE	FREE	FREE	
Nationwide Coverage	YES	YES	YES	

Other plans available. Ask your Jitterbug expert for details.

FREE GIFT
Order Now
and receive a FREE Car Charger a $24 value![5]

jitterbug®

firstSTREET for Boomers and Beyond®
1998 Ruffin Mill Road
Colonial Heights, VA 23834

Created together with worldwide leader Samsung. SAMSUNG

Available in Graphite and White.

Call now to order
1-888-666-0353
www.jitterbug.com

IMPORTANT CONSUMER INFORMATION: Subject to Customer Agreement, select calling plans and credit approval. Other changes and restrictions may apply. Coverage and service not available everywhere. [1]For each Operator service, you'll be charged a 5-minute "Operator assistance fee" in additional to the minutes used both for the length of the call with the Operator and any call connected by the Operator. [2]Please visit www.jitterbug.com for further information about terms and conditions. [3]All plans require the purchase of a Jitterbug phone and a one-time set-up fee ($35). [4]Not including surcharges and government taxes. [5]This GreatCall offer is available for a limited time only. Copyright © 2009 by firstSTREET for Boomers and Beyond, Inc. All rights reserved. GreatCall, Inc., Jitterbug is a registered trademark of GreatCall, Inc. Samsung is a registered trademark of Samsung Electronics America, Inc. and its related entities.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

promise that you can keep the simple, affordable plan that you like.

As in Maine, health-care subsidies in Massachusetts are proving far more expensive than proponents of the plan predicted—20 percent higher for FY2009. Revenue sources are falling short in Massachusetts as well, so state officials are turning to new taxes to cover their losses. The state has added $1 per pack to its cigarette tax and imposed $89 million in new fees and assessments on health-care providers and insurance companies. And since no taxpayer-funded health-care program would be complete without a special commission to control costs, Massachusetts created one in 2008. The commission has already recommended "exclud[ing] coverage of services of low priority/low value." Translation: The government will exclude the services of those providers who aren't as good at lobbying as, say, the fertility-treatment guys.

New Hampshire: Though New Hampshire had the good sense to repeal its guaranteed-issue and community-rating laws for individuals in 2002, it is hardly a model of intelligent health-care policy. Here's why: Federal law already imposes guaranteed issue and community rating for small groups (businesses with two to fifty employees). Adverse selection isn't a big problem when it comes to group coverage. But some states—including New Hampshire—have redefined "small groups" to include groups of one, giving self-employed individuals an incentive to postpone buying insurance until they need expensive care. Predictably, New Hampshire small-group premiums have shot up—the state now has the second-highest employer-based premiums for individual purchasers, and the highest "employee plus one" premiums, in the country.

The implementation of Obamacare would represent a subversion of federalism: Rather than acknowledge that their preferred policies have failed in a handful of Justice Brandeis's little laboratories, the Democrats would disguise those failures by forcing all 50 states to adopt the policies. Their imposition on a national scale would, not coincidentally, rescue the strongly Democratic states of New England from the consequences of their failure. In a way, Obamacare would function as yet another Washington bailout, and, as with the other bailouts, the responsible would pick up the tab for the reckless. NR

End the Special-Ed Racket

Vouchers can reduce false diagnoses of learning disabilities while helping both the truly disabled and the misdiagnosed

BY MARCUS A. WINTERS & JAY P. GREENE

YOUR fourth grader is struggling in school, and you aren't sure why. At his teacher's suggestion, you hesitantly agree to let the school district test him for a learning disability. If he has one, they tell you, he will qualify for additional instruction through special education. You assume that the school district's decision will depend entirely on whether your child is actually disabled.

Unfortunately, the district may take into account more than just your child's condition. A growing body of evidence indicates that much of the tremendous growth in special-education programs across the United States is the result of financial and other incentives, rather than a true increase in disabilities. But new research also suggests that school vouchers targeted to disabled students could reduce this artificial growth, saving taxpayers money and keeping kids from the sting of being mislabeled as disabled.

Between 1977 and 2007, the percentage of students enrolled in federally supported disability programs increased by more than two-thirds. Such programs now serve 13.8 percent of public-school students in the U.S. Much of this growth has come in a single category known as Specific Learning Disability (SLD), which includes conditions such as perceptual handicaps, developmental aphasia, and dyslexia. In the last three decades, SLD diagnoses have increased from 1.8 percent to 5.4 percent of all public-school students. They now account for 40 percent of students in special education.

Since special-education students cost more to educate, growth in special-education rolls has been blamed for a substantial portion of the increase in public-education spending. For instance, New York State spends an average of $14,413 per year more to educate a disabled student than a regular-enrollment student. Most taxpayers are willing to pay extra to ensure that disabled kids get the services they need. But what if not all of these kids are really disabled? Not only would that be a waste of money; it would harm truly disabled students by overburdening the resources that are meant to serve them and mixing them with students whose educational needs are very different.

In most states, schools receive additional resources for each student placed into special education. Schools therefore have an incentive to label marginal students as disabled if doing so will bring in more money than it costs in additional services. Research suggests that schools respond to such incentives. For instance, the University of California's Julie Berry Cullen found that financial incentives to diagnose students as disabled explained as much as 40 percent of the growth in special education in Texas during the early 1990s.

Financial incentives are particularly important in low-level disability categories like SLD, where a diagnosis is easily fudged. While you need pretty solid evidence to diagnose a child with a traumatic brain injury or other severe disabilities, schools have plenty of leeway on SLD. Some research suggests that public schools use low achievement alone to serve as an indicator of SLD. Studies dating back to the 1980s found that SLD students are indistinguishable from low-achieving regular-enrollment students, with one study estimating that over half the students identified as SLD in Colorado did not fit either federal or state definitions for SLD.

The idea that schools benefit financially from increasing their special-education rolls doesn't square with what most people have been told. In fact, school systems frequently complain that special

Mr. Winters is a senior fellow at the Manhattan Institute. Mr. Greene is a senior fellow at the Manhattan Institute and the head of the Department of Education Reform at the University of Arkansas. Their new report, "How Special-Ed Vouchers Keep Kids From Being Mislabeled as Disabled," is available at www.manhattan-institute.org.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

education is a drain on their resources. Yet while special-education services do impose costs on schools, most states provide substantial additional revenue for each diagnosed student; in many cases, this more than covers the cost. Further, not everything spent on disabled students is an expense. For instance, schools might already offer group instruction focused on reading skills to students who are behind. If they're regular-enrollment students, it comes out of the school's budget. But if those students are diagnosed with an SLD, the services are subsidized by the state and federal governments. So while the school's costs might not change significantly because of SLD diagnoses, its revenue would.

Shifting non-disabled students into special education does them substantial harm. Misidentified students are unnecessarily stigmatized, and the diagnosis encourages the student, the school, and even the parents to lower their expectations. And labeling students who are merely struggling as disabled sidesteps problems that should be addressed head-on.

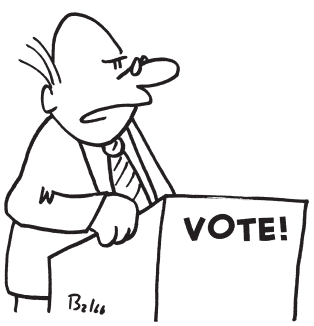
School-voucher policies targeted to disabled students can reduce the financial incentive for over-diagnosis, because they would let a student diagnosed with a learning disability leave the school, taking all of his funding with him. Currently, more than 21,000 special-education students in Florida, Georgia, and Utah (along with Ohio, whose program applies to autistic children only) use taxpayer-funded vouchers to pay at least part of their tuition at a private school.

Our own recent research shows that Florida's schools have responded to its voucher program by reducing the number of students they report as having SLDs. When a private school willing to accept state vouchers opens near a public school, the public school becomes significantly less likely to classify a student as having an SLD—presumably for fear of losing students and the funding they bring.

Vouchers are controversial, of course, but in this case most of the common arguments against them (right or wrong) don't even apply. The main argument made today by opponents of voucher programs is that they rob public schools of their best students and deprive them of scarce financial resources. But the first half of that claim cannot characterize a program that targets students who are performing poorly, and, as for the latter half, if educating special-education students costs more than the value of the additional resources they bring in—as public schools contend—then the public schools will benefit from having these drains on their resources removed. Congress could help significantly by requiring that federal special-education funding be used to pay for private-school tuition if the parent so chooses.

The commitment to educate disabled students was one of the most laudable education-policy achievements of the 20th century. Before federal law required schools to educate them, most disabled students simply went unschooled. But as often happens with well-intentioned social programs, special education is now being used for purposes its originators never imagined. By removing the financial incentives to mislabel students, we can continue to make sure that disabled students get the resources they need, and better address the problems of non-disabled students who fall behind because their school is failing them. **NR**

By removing the financial incentives to mislabel students, we can continue to make sure that disabled students get the resources they need.



"Well, of course I'm hypocritical!—I have some standards, you know!"

A Typology Of Tyrants

Clowns can be scary too—especially with the wrong person in the White House

BY ROB LONG

SICKLY, half-lame little Josep Jughashvili grew up to be the terrible and terrifying Joseph Stalin—gangster, egomaniac, mass murderer, diabolical titan. His statues once dotted town squares throughout the Communist world, but these days his memory is burnished mostly in his hometown of Gori, Georgia.

That's where the Stalin Museum is lovingly tended—at least it was a few years ago, when I visited it—by an elderly lady who is not current with revisionist history. When she gives you a tour of the Stalin Museum, she pronounces the word "Stalin"—I don't speak Georgian, but the word "Stalin" sounds the same in every language—with a breathy, passionate voice and uplifted eyes. It's clear that her Stalin and your Stalin are not the same Stalin.

But when she shows you around the perfectly preserved private rail car that Stalin used throughout his reign, and points out his favorite leather club chair—hair-oil stains still visible, small cigarette burn holes in the arms—you both instinctively shudder. He sat *here* and planned *that*, you think to yourself. Stalin, half a century later, is still a very scary guy.

During the absurd pageant that is U.N. Week in New York, as rotund, pie-faced Venezuelan dictator Hugo Chávez waddled around the General Assembly room and creepy Iranian president Mahmoud Ahmadinejad strutted through the hallways, it was hard not to think back on that leather club chair and wonder, *How scary are these new guys?*

Modern dictators come in three basic flavors. The first, the Temporary Emergency type—your Pinochets, your Stroessners—are mostly colorless functionaries. They aren't statue-building egomaniacs, but grim-faced military law-and-order guys who emerge to fill a power vacuum. High on secret police and discreet acts

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

We are moving our subscription-fulfillment office from Mount Morris, Ill. to Palm Coast, Fla. Please continue to be vigilant: There are fraudulent agencies soliciting your *National Review* subscription renewal without our authorization. Please reply only to *National Review* renewal notices or bills—make sure the return address is Palm Coast, Fla. Ignore all requests for renewal that are not directly payable to *National Review*. If you receive any mail or telephone offer that makes you suspicious contact circulation@nationalreview.com. Your cooperation is greatly appreciated.

of torture, low on speeches to the throngs and specially commissioned epic poems.

There's something almost admirable about this group, something efficient and comforting. When the former Yugoslavia exploded into ethnic violence in the 1990s, it was hard not to yearn for the drab leadership of Marshal Tito, who managed to thread the needle between joining the Eastern Bloc and becoming a client of the West. Not a nice guy, of course, but impressive.

Generalissimo Franco's Spain lasted relatively intact until 1975—a 36-year span!—which is an astonishing feat when you consider that he was personally acquainted with Adolf Hitler, Joseph Stalin, and Richard Nixon. In Spain today, the officially correct position on Franco is to mumble disapproving phrases while at the same time conveying a *Well, you know, tough times, hard choices, gotta break a few eggs to make a* tortilla de patatas.

For the most part, these are the most popular variety, and they've traditionally been the most pro-American. This has led to complicated moral arguments, in and around the Department of State, about "good" dictators and "bad" dictators, but the debate usually boils down to two basic points: One, good dictators recognize the temporary nature of their regimes and don't have fat, loutish sons in the wings waiting to take over; and two, good dictators aren't insane.

Which brings us to the second variety of dictator, what I call the Operatic Psychopath. These guys are the Howard Hugheses of the despot set: weird, impulsive, dangerous—it's always their face on the (worthless) currency, always their statue in the main squares, looking resolute and defiant. The late crackpot Turkmenbashi, who ran the natural-gas-rich nation of Turkmenistan like some kind of deranged scoutmaster, is a perfect example of this type. He renamed the months of the year—one after his mother—and wrote a companion volume to the Koran, declaring it required reading for all Turkmens. He erected ludicrous statues of himself all over the country, the grandest of all in the capital, Ashgabat: a big gaudy golden thing that rotated atop a spaceship-like monument, following the sun. It looked like the main cathedral of the Church of Bob's Big Boy.

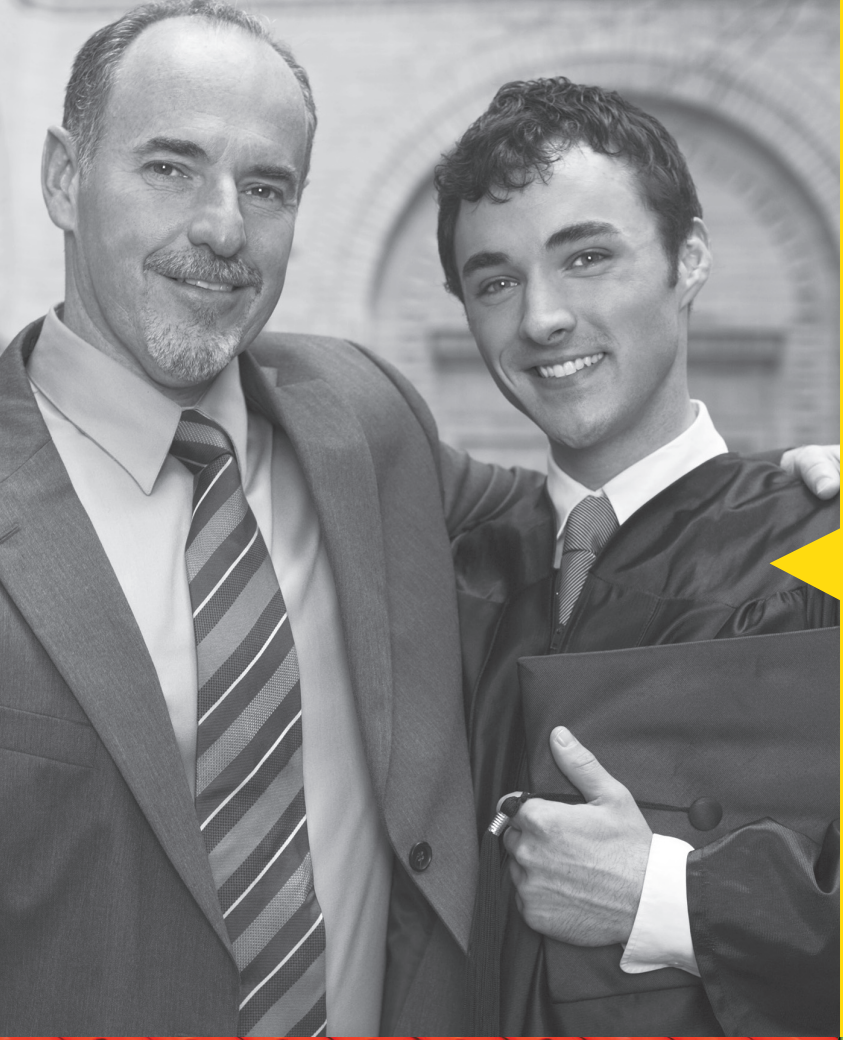
The Duvaliers of Haiti, Nicolae Ceausescu of Romania—these guys fit the basic Operatic Psycho pattern of grandiose self-regard and opulent living quarters. When the revolution eventually comes and the presidential palaces are overrun with angry mobs, the papers are filled with the odd, off-putting details of their cushioned lives—fancy sheets and shoes, complicated toilets, harems, and worse. When the lunatic emir of Bokhara was eventually run out of power by the Red Army in the 1920s, he made his escape with most of his personal jewelry and all of his dancing boys. (His wives he left behind to the mercies of the Communist forces.) His plan was simple: Every few kilometers or so, he'd leave one of his dancing boys to distract and mesmerize the pursuing army. By the time he ran out of dancers, he'd be safely across the border and halfway to Cairo. Something tells me that Kim Jong Il has a similar plan.

The third category is the most worrisome. Call them The Troublemakers. Hugo Chávez with his oil money and his dreams of succeeding Fidel as America's Closest Irritant; Mahmoud Ahmadinejad with his secret nuclear-weapons factory and energetic anti-Semitism—it's hard to know exactly how dangerous these guys actually are. Chávez, with his grandiosity, his thuggishness, and his jumpsuits, may seem stylistically like an Operatic Psychopath. He's a clown, of course, but clowns can be scary too. His big smile and his round face beg us all to underestimate him. He's the fat kid with a secret—when the wheel turns, as it always does, and he feels the people of Venezuela trying to push him out, he's not going to go quietly. He won't die in dignified obscurity like Tito, or be hounded in retirement like Pinochet. He'll fight and claw and do what it takes, like Ahmadinejad in Iran. They're both going to be trouble.

Yet neither is really fit to sit in Stalin's club chair. Neither has the diabolical self-restraint it takes to really do some serious evil. Chávez with his motor mouth and Ahmadinejad with his nutty superstitions—both of them seem so silly and harmless, so easy to mock and giggle at, that it's easy to forget that one of them has built an atomic-bomb factory.

Maybe the most important question, then, isn't what kind of dictator each one is, but what kind of leader sits in the White House to deal with them. Not so funny now, are they? **NR**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



One day, his son would speak to the world.

He wanted them to understand.

Rosetta Stone. The fastest and easiest way to learn CHINESE.

Arabic • Chinese (Mandarin) **• Danish • Dutch • English** (American) **• English** (British) **• Filipino** (Tagalog) **• French • German Greek • Hebrew • Hindi • Indonesian • Irish • Italian • Japanese • Korean • Latin • Pashto • Persian** (Farsi) **• Polish Portuguese** (Brazil) **• Russian • Spanish** (Latin America) **• Spanish** (Spain) **• Swahili • Swedish • Thai • Turkish • Vietnamese • Welsh**

Rosetta Stone® brings you a complete language-learning solution, wherever you are: at home, in-the-car or on-the-go. You'll learn quickly and effectively, without translation or memorization. You'll discover our method, which keeps you excited to learn more and more.

- You'll experience **Dynamic Immersion**® as you match real-world images to words spoken by native speakers so you'll find yourself engaged and learn your second language like you learned your first.
- Our proprietary **Speech Recognition Technology** evaluates your speech and coaches you on more accurate pronunciation. You'll speak naturally.
- Only Rosetta Stone has **Adaptive Recall,**® that brings back material to help you where you need it most, for more effective progress.
- And Rosetta Stone includes **Audio Companion**® so that you can take the Rosetta Stone experience anywhere you use a CD or MP3 player.

Innovative software. Immersive method. Complete mobility. It's the total solution. Get Rosetta Stone—**The Fastest Way to Learn a Language. Guaranteed.**®

SAVE 10%!

100% GUARANTEED
SIX-MONTH MONEY-BACK

Level 1	~~Reg. $229~~	**NOW $206**
Level 1, 2 & 3	~~Reg. $499~~	**NOW $449**

©2008 Rosetta Stone Ltd. All rights reserved. Offer applies to Personal Edition only. Patent rights pending. Offer cannot be combined with any other offer. Prices subject to change without notice. Six-Month Money-Back Guarantee is limited to product purchases made directly from Rosetta Stone and does not include return shipping. Guarantee does not apply to an online subscription or to Audio Companion purchased separately from the CD-ROM product. All materials included with the product at the time of purchase must be returned together and undamaged to be eligible for any exchange or refund.

Call
(877) 218-7191

Online
RosettaStone.com/qds109

Use promotional code qds109 when ordering.
Offer expires January 31, 2010.

RosettaStone®

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Iran Outlook: Grim

The failed policies of Presidents Bush and Obama have brought us to a difficult pass

BY JOHN R. BOLTON

THE week of September 21 was supposed to be multilateralism on parade for President Obama: attending the Climate Summit, addressing the U.N. General Assembly, chairing the Security Council, and celebrating a new international economic order with the G-20. Until Friday, everything went according to Obama's script: grandiose speeches, paper declarations and resolutions, and, most important, the huzzahs of foreign leaders and America's media.

But on Friday, the shadow fell. Obama scrambled to hold a previously unscheduled press conference with British prime minister Gordon Brown and French president Nicolas Sarkozy, at which they announced that Iran had constructed a uranium-enrichment facility near Qom, the Shiite holy city. Housed in deeply buried chambers on a former missile base of the Iranian Revolutionary Guard Corps (IRGC), the site had been officially disclosed to the International Atomic Energy Agency (IAEA) by Iran that Monday, making it inevitable that word would leak out soon. (Iran risibly claims that the Qom facility is for civilian purposes only.)

The president was obviously displeased with Iran's contumacious behavior, and perhaps more displeased with the timing of his forced public disclosure of it, coming just before an October 1 meeting in Geneva between Iran and the Security Council's five permanent members plus Germany (the "Perm Five plus one"). This session, the first since summer 2008, and the first in which a U.S. representative would actively "engage" with Iran, had been intended to showcase Obama's multilateral bona fides. Now, however, Iran had threatened the carefully constructed mirage of negotiations with inconvenient reality.

According to administration background briefings, Obama was first informed about the Qom site during the transition following his election. Thus, all his pronouncements about the virtues of negotiation with Iran and other rogue states—the inaugural address, the Cairo speech, and countless others, including those of U.N. Week—were delivered with the knowledge that Iran was telling lies about its nuclear program. We shall soon see whether Obama's ability to hold two contradictory thoughts simultaneously is evidence of mental agility or of an excessively tenuous acquaintance with reality.

The administration's spin, dutifully amplified by the media, was that revealing the Qom enrichment facility was yet another Obama triumph, since it put more diplomatic pressure on Iran just before the Geneva meeting. Adhering to this logic requires believing that progressing toward a nuclear-weapons capability actually harms Iran, by increasing the risk of economic sanctions. If Iran tests a nuclear device, that will really put pressure on Iran, and incinerating Tel Aviv will presumably make the pressure for sanctions unstoppable. As Plutarch quoted Pyrrhus as saying upon his defeat of the Romans at Asculum, "One more such victory and we are lost."

Sad to say, Obama's Iran policy is not much different from that of George W. Bush in his second term. Relying on multilateral negotiations (the Perm Five–plus–one mechanism), resorting to sanctions (three Security Council resolutions), and shying away from the use of force are all attributes inherited directly from Bush. Bush's policy failed to rein in Iran's nuclear ambitions, and Obama's will fail no less, leading to an Iran with nuclear weapons.

The issue now, however, is not this bipartisan history of failure, but what to do next. The Qom disclosure only highlights just how limited, risky, and unattractive are the four basic options: allow Iran to become a nuclear power; use diplomacy and sanctions to try to avert that outcome; remove the regime in Tehran and install one that renounces nuclear weapons; or use preemptive military force to break Iran's nuclear program. Let us consider them in turn.

OPTION 1 The easiest course, which Obama may well be on without explicitly admitting it, is to permit Iran to become a nuclear-weapons power. Many believe that a nuclear Iran will not constitute a significant threat, and that it can be contained and deterred, as the Soviet Union was during the Cold War. This analogy is fundamentally flawed. First, who in his right mind would willingly return to the days of mutual assured destruction, especially when the Tehran end of the equation is staffed by religious fanatics who prize the hereafter more than life on earth? It may not have been a virtue, but at least the Communists believed they went around only once. (A Kenny Chesney song sums up the predominant U.S. view: "Everybody want to go to Heaven / But nobody want to go now.") Moreover, we increasingly appreciate that Cold War deterrence was not all that stable, and therefore just how lucky we were to last 40 years without civilization-ending nuclear exchanges. That Iran in the near future will have a much more limited offensive-weapons capability than the Soviet Union did in its prime is no solace. Iran's asymmetric threat will not comfort those in cities that will have been obliterated by its "limited" arsenal.

Even more devastating to the "contain and deter" theory is the inevitability that Iran will not be the only state in the region to acquire nuclear weapons. Other Middle Eastern states will conclude (if they haven't already) that they must acquire them too, in response to Iran's efforts. Saudi Arabia, Egypt, and Turkey are all likely candidates, and Libya's Moammar Qaddafi may well decide that his 2003 decision to give up his program was ill-advised and get back in the game. Others in the region could follow.

Thus, in the not-too-distant future, the Middle East could have half a dozen or more states with small nuclear arsenals, each calculating the advantages of striking first against its potential adversaries to prevent them from doing the same. If deterrence during the Cold War's bipolar standoff was problematic, imagine the multiplayer chess required to avoid nuclear exchanges in such a

Mr. Bolton, a former U.S. ambassador to the United Nations, is a senior fellow at the American Enterprise Institute.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Middle East, along with the likelihood that nuclear technology will pass into the hands of global terrorists.

Allowing Iran to acquire nuclear weapons is manifestly the least desirable outcome of all.

OPTION 2 Pursuing diplomacy and impotent sanctions was Bush's policy and is now Obama's. The only material difference is that Obama has even less reason than Bush had to believe that diplomacy may yet work. Iran's credibility after its rigged June 12 presidential election and the news about Qom is, yet again, in shreds everywhere—except the White House, where the public evidence of Obama's first eight months shows not the slightest diminution of his near-religious faith in diplomacy. Thus, the outcome of his efforts will be the same as Option 1, although few will say so.

Within the diplomatic approach, there is one hidden trap for the credulous: that Washington will accept the existence of an Iranian uranium-enrichment program as long as it is (supposedly) monitored by the IAEA under clear Iranian commitments that the program is (supposedly) entirely peaceful. One can easily envision Obama describing such an outcome as a triumph for his diplomacy, even though in fact it is exactly where we are today, and would inevitably lead to precisely the result we are trying to avoid. Any resolution that leaves Iran's current regime with control over the entire nuclear fuel cycle is simply a face-saving way of accepting Option 1. Given Iran's fulsome 20-year history of denial and deception, there is simply no doubt that its efforts toward building nuclear weapons would continue. If the Qom revelation does anything, it should convince us that Iran's commitments are worthless.

Accordingly, while the October 1 Perm Five–plus–one meeting in Geneva could be an important pivot point, it is highly unlikely in fact to be so. One possible outcome would simply be renewed negotiations, while Iran's progress toward deliverable nuclear weapons continues essentially unimpeded. In Pittsburgh, President Sarkozy said Iran had until December to change its ways, or "sanctions will have to be taken." Unfortunately, however, Obama's "deadlines" for meaningful Iranian action have been no firmer than Bush's, and several have already slipped. Time is a precious asset for proliferators, and Iran has used it to great advantage over these last seven years.

Moreover, as the Iran case demonstrates, diplomats rarely devise exit strategies in case their negotiations fail. Those who ask, "What do we lose by talking to Iran?" miss the point that negotiation, like all human activity, has costs as well as benefits, and that here the balance lies with Iran. If we adopt talk as our strategy, Iranians smoother than Ahmadinejad—not more moderate, just smoother—will come to Geneva prepared to negotiate about everything, including their nuclear program. President Obama and the Europeans will swoon, and Russia and China will smile contentedly as a panorama of months, maybe years, of further negotiations stretches before them.

If, on the other hand, Iran's posture on October 1 is more belligerent—and Ahmadinejad's initial reaction after Pittsburgh certainly foreshadowed that tack—then Iran will effectively be calling Obama's bluff, daring him to seek stricter sanctions. Here the critical test is not whether more "sanctions" (multilaterally through the Security Council, or less so through the European Union and others) can be imposed. It is virtually certain that they will be, despite the noticeable lack of enthusiasm by Russian president Dmitri Medvedev at Pittsburgh, and China's silence. The test is rather whether whatever plan is agreed upon actually dissuades Iran from pursuing nuclear weapons. And here sanctions are almost certain to fail.

Consider what Medvedev actually said after Obama's press conference, rather than the White House gloss on what he said: "I do not believe sanctions are the best way to achieve results. Sanctions were used on a number of occasions against Iran, but we have doubts about the results. . . . I think we should continue to promote positive incentives for Iran and at the same time push it to make all its programs transparent and open. Should we fail in that case, we'll consider other options." "Promote positive incentives for Iran"? "Consider other options"? This is what Obama got from Russia for giving up the Polish and Czech missile-defense sites?

At best, further U.N. sanctions will be only marginally tighter than those previously adopted, which have manifestly failed to dissuade Iran from its nuclear objective. Without Security Council action, sanctions by a "coalition of the willing" will be widely (and profitably) evaded.

Gasoline imports are a supposed area of vulnerability, but Iran has already taken steps to mitigate the effects of a proposed ban on exporting refined petroleum products to Iran by increasing its refining capabilities, reducing consumer subsidies that inflate demand, and preparing to shift to natural gas, which it has in considerable quantity and can refine domestically. Similarly, proposals to preclude writing insurance or reinsurance on Iranian shipping might make commerce more difficult, but are insufficiently direct to have a timely effect. Moreover, negotiating and implementing sanctions takes time, and since time works to Iran's advantage, we move inevitably closer to Option 1. In truth, since the diplomacy/sanctions approach is Obama's declared policy, we already know the end of the story: Iran with nuclear weapons.

OPTION 3 The most durable solution would be regime change in Iran that entirely sweeps away the Islamic Revolution of 1979—not just Ahmadinejad, but the whole crew of Ayatollah Khomeini's successors. Iran's people are ready for this, as the regime is highly unpopular for many reasons. First, the mullahs have mismanaged the economy for 30 years, and dissatisfaction is intense and widespread. Second, the two-thirds of Iran's population that is under 30 is well-educated and aware of the world outside Iran; they know they could have a radically different kind of life under a different government. Third, ethnic Persians make up only half the total population, and the numerous other groups (including Arabs, Baluchis, Azeris, Kurds, and Turkmen) are deeply discontented. Obviously, these fissures do not align exactly, but they are severe

ROMAN GENN

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

enough that the Islamic Revolution would not survive long without military force behind it.

The spontaneous protests that broke out across Iran following the fraudulent June 12 presidential election demonstrated both the extent of the opposition and the possibilities for regime change. Unfortunately, the post–June 12 results also reflect a tragic missed opportunity to topple the regime, and the difficulty of regaining that chance. Had the Bush administration taken more than a few trifling steps to aid the opposition, the post–June 12 protests might well have brought a new Iranian government. Apart from White House rhetoric, however, Bush's eight years differed little in hard operational terms from Obama's eight months, meaning that Iran's protesters were basically on their own. Moreover, political power inside Iran is shifting away from clerical leaders and toward the IRGC, moving from a theological autocracy toward military control. The balance of power rests with those holding guns. The regime's willingness to use force and political coercion against dissidents will be greater than it was before June 12, thus making it even harder to get rid of.

This is not to suggest the regime's popularity has increased. To the contrary, the regime is even more unpopular than it was before June 12, but the chances of a "velvet revolution" in the foreseeable future are remote. But however long and difficult the struggle may be, America should press for regime change, overtly and covertly, while taking care not to taint the people we seek to enable by making them look like tools of Uncle Sam. Overthrowing the Islamic Revolution is the most likely way to obtain a government that permanently renounces nuclear weapons, which would be the best outcome. Almost certainly, however, regime change will not happen before Iran's current rulers acquire such weapons—and once that happens, it may be too late, both within Iran and for the Middle East and the rest of the world.

OPTION 4 That leads, by process of elimination if nothing else, to the preemptive use of military force against Iran's nuclear infrastructure. No one argues that a successful strike would end the Iran problem, but that is not the point. Destroying key aspects of Iran's program (such as the Esfahan uranium-conversion plant, the Natanz uranium-enrichment facility, the Arak heavy-water complex, and the Bushehr reactor) would buy time. Between two and five years is a reasonable estimate, and that is close to eternity, because during that period time would be on our side rather than on the proliferator's.

President Obama is all but certain not to use force, so any decision regarding this option now rests with Israel alone. The revelation of the Qom site, and the risk that Iran has even more covert nuclear-related sites, may mean that the military option is already no longer viable: Destroying the known elements of Iran's program will be risky and difficult enough, but the prospect of more unknown sites means that targeted military force cannot be relied upon to completely break Iran's control over the nuclear fuel cycle. Israel would thus incur all the downsides of the attack without achieving its main goal.

Even if circumstances are not so parlous, Israel must now calculate that it has less time to act than it had before intelligence agencies confirmed Qom as a uranium-enrichment facility, meaning a strike may well happen within the next six months. A later attack is not precluded, and there is no red line beyond which it is unthinkable; nonetheless, every day that passes lowers Israel's prospects for success, as Iran continues to protect and disperse its program, and as it acquires ever-stronger air defenses. While much has been speculated, pro and con, about the feasibility of an Israeli strike, one thing is certain: The Israelis have believed, at least until now, that they can succeed, and they will make the ultimate decision, one way or the other—not armchair pundits with incomplete information.

Many contend that the potential consequences of a preemptive strike are too horrible to contemplate, but such concerns are unlikely to deter Israel, since the result of not striking could well be a second Holocaust. The choice is not between the world as it stands today and the world after an Israeli attack; the choice is between the world after the attack and a world where Iran has nuclear weapons. That puts the oft-expressed fear of a spike in oil prices in context, at least for Israelis. Nor are Secretary of State Hillary Clinton's promises of a "defense umbrella" reassuring. At its time of maximum peril, the Jewish state is not going to rely on the goodwill of anyone, friend or foe.

In any event, Iran is highly unlikely to retaliate in a way that could prompt a direct confrontation with the U.S. military (such as attempting to close the Strait of Hormuz or increasing terrorist attacks against U.S. citizens in Iraq or elsewhere), or that would paralyze its own economy (such as suspending oil exports). Iran's most likely response would be to unleash rocket attacks against Israel through its proxy armies, Hezbollah and Hamas. This prospect certainly complicates Israel's decision-making on whether to strike Iran. (Direct Iranian missile or air attacks against Israel are unlikely, since Israel might well respond with nuclear weapons.)

One important consideration that is often ignored: However much they might publicly protest, nearby Arab states would privately welcome an Israeli attack. These governments fear Iran's nuclear program as much as Israel does, but they are powerless to stop it. If Israel does the job, they are in a perfect place: Iran's nuclear program will be badly damaged, and they will have another opportunity to criticize Israel. This also explains why Arabs will not interdict Israeli overflights to and from Iran. Moreover, within Iran, not everyone will necessarily rally behind the government, especially given post–June 12 developments. Effective public diplomacy could make clear that the target is the mullahs' weapons program, not the Iranian people, and might even provide new impetus for regime change.

With so many risks of failure and retaliation, the use of military force is hardly attractive to Israel or anyone else. Even so, the consequences of a nuclear Iran could be far more devastating. Israel has not hesitated to strike preemptively before, starting with the Six-Day War of 1967, and including the destruction of the Osirak reactor outside Baghdad in 1981 and the North Korean reactor in Syria in September 2007. Don't bet on passivity now.

IRAN'S nuclear-weapons program has cast a shadow over its region and the world for years. That kind of regime, with those kinds of weapons, is a continuing mortal threat to America's friends and allies, and to international peace and security. Under President Bush, we had a chance to confront Iran's challenge, but backed away from it. Under President Obama, we have a leader who doesn't understand the magnitude of the threat, who flinches at unpleasant choices regarding force, and who believes that reductions of America's own nuclear arsenal will persuade the IRGC to give up theirs. If Iran achieves its nuclear objectives, we will have only ourselves to blame. **NR**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Romney REBOOTS

Thinking about 2012

BY RAMESH PONNURU

In the early stages of the undeclared race for the Republican presidential nomination, Mitt Romney is the frontrunner. The former governor of Massachusetts has the best-developed national network of supporters of any of the potential candidates. He is the one doing the most party-building across the country; of his potential rivals, only Minnesota governor Tim Pawlenty comes close. He is the one to whom other Republicans are most likely to turn for answers on economic policy, and on many issues he is the only one giving them. When the auto companies came to Washington only Romney had a plan ("Detroit needs a turnaround, not a check," he wrote in the *New York Times*).

He knows more about a larger range of policy issues than most of the other Republican candidates. All the candidates can, presumably, say something plausible about Afghanistan; not many can give a credible answer to a question about the role mark-to-market accounting rules played in the financial crisis, as Romney recently did in an interview with me.

A Republican strategist with no ties to Romney recently heard him speak and came away impressed by how much better a speaker he has become. "His stump speech has gotten very, very good. It's very honed." In a recent Rasmussen poll, Romney narrowly beat Sarah Palin as the candidate Republican voters most favored. Even the narrowness of that win may work to his advantage. Romney is not so far out in front that he has to worry about meeting high expectations. Nor has he ever made himself the center of attention. Thus he has avoided much criticism and kept voters from getting bored with him. He has been detached and analytical rather than angry.

Romney still has his old-fashioned leading-man looks. He is seasoned. (Only once in the last 50 years have Republicans won with a nominee making his first run for president.) And his aides think they have learned from the mistakes they made in 2007 and 2008. Romney has had an excellent 2009.

Then again, George Allen had a pretty good 2005. At that time Senator Allen and Sen. Bill Frist were counted as two of the party's top contenders for the 2008 nomination. Both were out of public life by the time the election year came. Romney is in a different situation than either of those men. But he faces a formidable list of obstacles, both old and new.

One theory that has received a thorough airing in the press is that Romney made a mistake in moving to the right in the run-up

Breathe Catholic.

Recognized as one of America's premier Catholic liberal arts colleges, located in the beautiful Shenandoah Valley of Virginia, we offer our students a fully Catholic education, integrating Faith and Reason, while immersing our students in a vibrant Catholic culture.

Our extensive core curriculum and outstanding faculty, along with our unique Junior Semester in Rome Program, make our academic program one of the most demanding in the nation. And our community life – based on the ageless traditions of the Catholic Church – is second to none.

From the classroom to the chapel, the residence halls to the cafeteria, the athletic field to the dance floor, Catholicism joyfully lived is the air that we breathe, preparing our students to lead the New Evangelization.

Take a deep breath and immerse yourself.

CHRISTENDOM COLLEGE

134 Christendom Drive, Front Royal, Virginia
800.877.5456 www.christendom.edu

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to the 2008 primaries: that he should have run as a problem-solver rather than a culture warrior and thus avoided charges of flip-flopping. The theory, in its strongest form, is dubious. Romney was never going to oust Rudolph Giuliani from the competent-pro-choicer niche, and it turned out in any case not to be a promising place from which to run for the Republican nomination. Becoming a pro-life politician was expedient as well as just. And it's not as though Romney could have ducked on same-sex marriage once his state became the only one in the country to recognize it, and by judicial fiat to boot.

Romney's current and former consultants tend to agree about what he did wrong last time. They do not fault the flip-flops. But "inauthentic" is a word that often comes up. "It's a matter of emphasis," says one former adviser. "He emphasized issues that didn't fit his profile. The volume, the way he presented them, didn't fit with who he is." This adviser cites Romney's attacks on McCain and Giuliani over their support for an amnesty for illegal immigrants. Another '08 veteran agrees that Romney was badly positioned but mostly blames reporters. "They wanted to write the Mormon story and the abortion flip-flop story. And then in Iowa when the marriage issue [came] up, you [had] to talk about it."

These Romneyites do not believe that the governor should abandon his conservative positions on the social issues. Most of them share those positions, and also know that flip-flopping again would render Romney ridiculous. They just want him to avoid emphasizing the social issues. It is advice he appears to be taking to heart. Economics and foreign policy, in that order, have been the focus of his public comments. His critique of Obama has been that the president is endangering our currency by spending so much on domestic programs, threatening our security by cutting defense spending, and reducing our credibility with allies by drawing closer to our enemies. Romney has not complained about Obama's social liberalism. At one point, Romney was fighting against liberal policies on stem cells more actively than any other governor in the country. When I asked him about Obama's record on the subject, he began his answer by noting that he had not been following it much over the last year.

This new strategy of playing down social issues raises the question of how the candidate should handle the Iowa caucuses. For much of 2007 Romney banked on winning Iowa (based on his social conservatism and money) and New Hampshire (based on his fiscal conservatism, money, and proximity) and thus establishing the momentum to win the nomination. After he lost Iowa to former Arkansas governor Mike Huckabee, whose late surge took many observers by surprise, he never quite recovered. Some Romney supporters believe that hostility to Mormons among evangelical voters in Iowa doomed him, and that the effort to appeal to those voters forced him to overemphasize the social issues. Others say that his mistake was to have a more or less openly announced strategy that required him to win the state, and that better management of expectations would make a second-place finish there next time respectable. (The loss last time should keep those expectations in check.)

All these advisers may, however, be looking at Romney's options too narrowly. Romney's strategy in the last campaign was not to run as the social conservatives' candidate. It was to run as the movement-conservative candidate. Throughout the primary he claimed that he best represented what he called "the three legs of the stool" holding up conservatism, with the legs representing conservative positions on social issues, economics, and foreign policy. The attempt to rally his party's right made a certain strategic sense. Giuliani and John McCain started the primary season with higher profiles than Romney and, in different ways, represented the party's left wing. Running to the right thus presented Romney with an opportunity.

Yet it is extremely difficult—more difficult than many people realize—to capture the Republican presidential nomination from the right in the modern era. The politics of religion largely account for this difficulty. The movement candidacy always runs a risk of being destroyed by an evangelical candidacy. No movement candidate can win without strong support from evangelical voters. But an evangelical candidate running on the basis of his religion can win a lot of votes from his coreligionists, and thus block the movement candidate's progress, without being able to win the nomination himself. As Huckabee showed in the last race, the evangelical candidate need not be well-known or well-funded to play this role. Pat Robertson played it in 1988. (Pat Buchanan splintered the movement in a slightly different way in 1996.)

Romney's problem was not that he is a Mormon. It was that he is not an evangelical. A strong plurality of evangelicals "would have backed Huckabee against anybody—Mormon, Buddhist, or Catholic," says another former Romney adviser. "They were voting for one of their own." To attribute Romney's loss in Iowa to anti-Mormon prejudice from evangelicals, he says, is like attributing Romney's victories in Utah and Nevada to Mormons' hostility to people from all other faiths. But this adviser reaches the same conclusion as his colleagues who blamed anti-Mormonism: Romney should not spend as much time and resources on Iowa next time.

The movement candidate labors under another burden: He is competing for votes with everyone else in the field. He has to fight the establishment candidate to his left and the evangelical candidate to his right, while neither of them fights the other. McCain and Huckabee were not, by and large, competing for the same voters. That's one reason Romney was the man most uniformly hated by the other candidates, and why voters saw Romney as the most negative candidate.

This time Romney could follow a different path. There are no prospective McCains or Giulianis, no heavyweights from the left or even the center of the party. Instead of running as the movement conservative in the race, Romney could run as a party-establishment candidate who is acceptable to the Right. That strategy wouldn't require him to move left on the issues. But it would entail, among other things, taking fewer jabs at the other candidates for not being conservative enough (jabbing them for having bad ideas would still be in season). It would entail advertising Romney's conservatism less. The policies could still be conservative—but he would promote them as good ideas more than as conservative ones.

Romney seems more naturally an establishmentarian than a conservative insurgent, so this strategy would be a better fit for him than his last one. He is not a man to be swayed by the momentary passions of his party's base; pretending otherwise adds to his reputation for slickness. If he ran as an establishment candidate, the fact that he used to take less-conservative positions would still matter. But it would not matter as much, because he would no longer have to prove himself as a true-blue conservative.

Even with this shift of emphasis, however, Romney would still face two serious obstacles to his nomination. The first is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the health-care plan he signed as governor of Massachusetts. Republican opinion has hardened against that plan, which can reasonably be described as the national Democrats' plan minus the public option. Potential rivals for the 2012 nomination such as Pawlenty and Huckabee have taken shots at the plan.

Romney makes three arguments in his defense. The first is that a Democratic legislature and his Democratic successor made the plan worse than his original conception. The second is that he has no intention of pushing the Massachusetts plan on the entire country. Health-care reform, he tells me, "should occur on a state-by-state basis." The third is that the plan has worked out well for his state. "The plan is well within budget and has accomplished its objectives at a relatively modest cost."

It's that third point that could get Romney into trouble. The cost to the state government has indeed been modest. But the plan was designed so that the state picks up only a fifth of the costs the plan generates, with the federal government and the private sector absorbing the rest. Premiums are growing much faster than in the rest of the nation. Waiting times are up, too, which imposes costs on people. The plan is losing popularity in Massachusetts. Ideally, Romney would learn from this experience that a reform centered on state governments' manipulation of federal dollars is a mistake. At the very least, Romney would be foolish to keep defending the plan.

To be a strong candidate, finally, Romney has to address one weakness that has not gotten much attention: his lack of appeal to middle-income and low-income voters. The exit polls from the primaries tell a consistent story. In Iowa and Florida, he won pluralities only among those voters who made more than $100,000 a year. In New Hampshire, voters had to make more than $150,000 before they started favoring him. Michigan, where Romney's father was governor, was the great exception: Romney won among every income group above $30,000 a year. If Romney can't find an economic message and a way of making it that appeals to middle-class voters, he may as well save his money and not bother running.

He gives every sign that he is in the race. The weekend I met with him, Romney addressed the Family Research Council's Values Voter Summit; did separate fundraising events for Republican candidates for governor, lieutenant governor, and state representative in Virginia; spoke at a conference of the Foreign Policy Institute; and sat down with at least two other reporters. His book, *No Apology: The Case for American Greatness*, comes out next spring.

Romney believes that Republicans are on the rebound, thanks to President Obama. "I think the concern about the direction he is taking America in foreign policy and domestic policy is mounting. . . . I don't think for a minute that the country subscribes to President Obama's foreign policy. . . . I don't think the country is enamored with the idea of a single-payer health-care system. . . . I don't think the country wants a cap-and-trade program that could cost the average American family $1,761 [a year]."

Earlier in the interview, he spoke about his primary campaign and McCain's general-election campaign in 2008. "I heard something from [former HHS] secretary Mike Leavitt which has stuck with me. . . . He said he was watching the ABC *Wide World of Sports* years ago with the surfing championships. The commentator said that to win the surfing championships requires a person of extraordinary skill and a good wave." Few have ever doubted that Mitt Romney is a person of extraordinary skill. **NR**

SOMETHING ABOUT Arizona

A state that gets under skin

BY JAY NORDLINGER

Phoenix, Ariz.

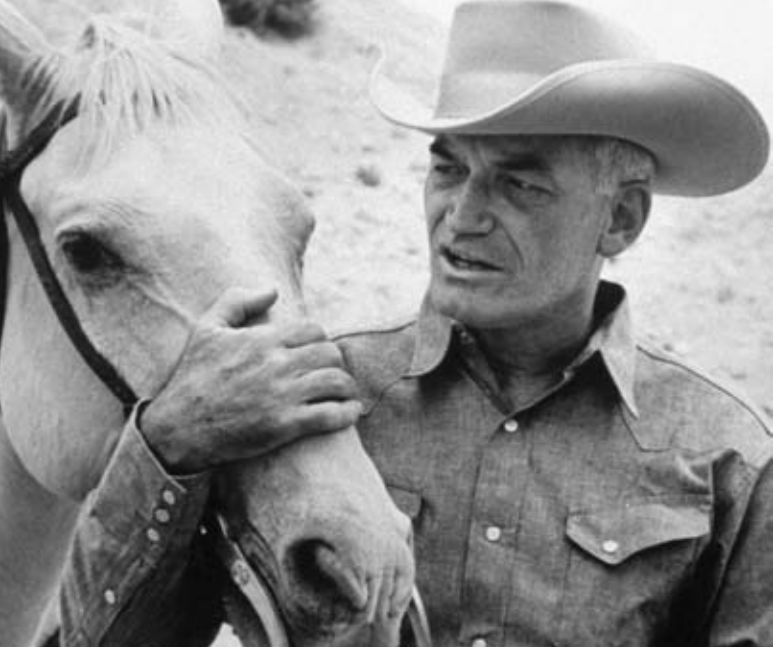
Toward the end of summer, President Obama came to this hot city, the capital of Arizona and the Southwest, to address the Veterans of Foreign Wars Convention. Outside the Convention Center, some citizens staged a little protest, or stunt: They carried guns, openly, emphasizing their right to do so—and expressing a concern that such rights are under siege. This created a small national furor, putting Arizona in the spotlight once again. There's something about Arizona: It gets under some skin, particularly liberal skin.

The most prominent protester was a Christopher Broughton, who sported both a rifle and a pistol: the former slung over his shoulder, the latter holstered at his side. Otherwise, he looked like a typical businessman, in a white dress shirt and dark tie. MSNBC showed the middle of his body, only: zeroing in on those weapons. Anchorwoman Contessa Brewer said, "There are questions about whether this"—meaning the anti-Obama, pro-gun protest—"has racial overtones. I mean, here you have a man of color in the presidency and white people showing up with guns." Embarrassingly for MSNBC—one would think—Mr. Broughton is black. The *Arizona Republic* asked him why he had shown up armed. He answered, "Because I can do it. In Arizona, I still have some freedoms left."

One of the people scandalized by Christopher Broughton and his fellow protesters was Arthur Frommer, the veteran travel guru, author of the famous *Europe on 5 Dollars a Day*. (The price has gone up.) On his blog, Frommer confessed to being "shocked beyond measure" at the gun-bearing Arizonans. He said, "For myself, without yet suggesting that others follow me in an open boycott, I will not personally travel in a state where civilians carry loaded weapons onto the sidewalks and as a means of political protest. I not only believe such practices are a threat to the future of our democracy, but I am firmly convinced that they would also endanger my own personal safety there."

The national media piled on. For example, the *New York Times* editorialized, "It is hard to know what is more shocking: the sight of a dozen Americans showing up to flaunt guns outside the venue for President Obama's speech . . . or the fact that the swaggering display was completely legal." In Arizona, citizens may carry a gun openly without a permit or license—this is known as a "permissive open-carry law," and states that have it are "permissive open-carry states." There are eleven such states. Some are "red" states, for which liberals would have little use: Idaho, South Dakota, Kentucky. Others are states for which liberals have more fondness: such as Arizona's neighbor New Mexico, land of New Age religion and the Santa Fe Opera; and even that great liberal bastion Vermont, home of Howard Dean (and no

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



Still the face of Arizona? (Goldwater's, not the other one.)

longer the home of Calvin Coolidge). But no one is boycotting, or threatening a boycott, of those states. And Arthur Frommer, incidentally, is a great booster of travel to Cuba, which is a police state, under a totalitarian dictatorship. It is true, however, that citizens there aren't allowed to carry guns.

Frommer went on National Public Radio, where the interviewer said, "You almost make it sound like it's Mogadishu, but we're talking about Arizona." Frommer replied, "Well, it's getting that way. It's getting that way." Hardly. As Tom Patterson, a physician and the former Republican leader in the state senate, says, "This is very much a cultural thing." People in other places in the country may be shocked at the sight of guns carried openly. But, in Arizona, this is normal, not aberrant or worrisome. "I'm not a gun guy myself," says Patterson, "wouldn't know how to shoot one. But I have a lot of respect for gun rights. I like living in a state where guns are commonly carried, because I think the evidence is clear that you're safer in such an environment": safer from criminality. And "in Arizona, people are responsible about their guns. I don't think a thing of it to see a guy with a gun. Doesn't bother me as a non–gun person in the least."

When the national heat was turned on, some Arizonans got "all wee-weed up," to borrow a phrase from our president. An article in the *Republic* said that the state had been branded "gun-crazy." A Phoenix councilman told the paper, "We're an urban city, and there are individuals trying to hold on to the old ways of the Wild West. We're going to lose a lot of conventions because of one knucklehead." (Was that Christopher Broughton?) As the paper reported, "more than a dozen civic leaders, tourism officials and media strategists" had "huddled" in the office of Phoenix mayor Phil Gordon "to discuss how to stanch the flow of bad publicity." These people fretted about the "perception" of the state, for tourism is a key part of its economy. Mayor Gordon—a Democrat, though his office is nonpartisan—phoned Arthur Frommer to invite him to Phoenix: so that he could see for himself that the city is not Mogadishu.

Arizona has been through image agonies before, which explains much of its present nervousness. In the 1980s and early 1990s, there was a great controversy over a Martin Luther King holiday. One governor, Bruce Babbitt, established the holiday by executive order after approval of the holiday failed in the legislature by one vote. His successor, Evan Mecham, rescinded the order, claiming it was illegal. He offered instead a Civil Rights Day that would be observed on a Sunday. In 1990, Arizonans had a chance to vote on a couple of referenda: One referendum would have eliminated Columbus Day as a paid state holiday while putting in MLK Day instead; the other would have added MLK Day as a paid state holiday, while keeping all others. Both failed, the second one extremely narrowly.

Before going to the polls, Arizonans had faced some pressure. Their racial morality, and even their patriotism, was on the line. The Super Bowl was scheduled to be played in Tempe in 1993, and, just before Election Day, the commissioner of the National Football League, Paul Tagliabue, issued a threat: He said that the league would yank the Super Bowl from Arizona if the voters rejected the holiday. He succeeded only in creating a backlash. Many Arizonans reacted indignantly to this sort of coercion or accusation. One bumper sticker said, NFL GO TO HELL AND PLAY THE SUPER BOWL THERE.

Arizona endured a national boycott for a couple of years, losing hundreds of millions in tourism. Something like 160 groups canceled their conventions. (There is a lot of conventioneering in America.) Stevie Wonder canceled a concert. Then, in 1992, Arizonans had another chance: There was a new referendum, this one consolidating Washington's and Lincoln's birthdays and offering an MLK Day. It passed overwhelmingly. And many in Arizona breathed a huge sigh of relief. Phoenix's mayor, Paul Johnson, said, "We won our dignity back." And Arizonans were able to say they were the only Americans who actually chose the holiday by direct popular vote: not through legislative or executive action. The NFL blessed and absolved Arizona by granting it the 1996 Super Bowl. As that day approached, an article in the *Dallas Morning News*, datelined Phoenix, said, "When Super Bowl XXX comes to town Jan. 28, officials hope they will be able to permanently shake off claims that Arizona is a redneck, racist state." Arizona was in a sense back in the national fold. But there is still something about it.

IT is our 48th state—the last of the continental states—entering the Union in 1912. And Clint Bolick, the famed conservative public-interest lawyer, says its constitution is peculiar. It was written by people "deeply skeptical about government power, and about government power combined with corporate interests." The state has "pretty much a dream constitution, from the standpoint of conservatives and libertarians." Arizona developed a reputation for being the quintessential conservative-libertarian state: the Goldwater state. Indeed, William F. Buckley Jr. liked to point out that Arizona—and western conservatism—was practically written into Barry Goldwater's face: strong, rugged, independent, handsome, confident, defiant. Arizona has always done things a little differently, even cussedly. They do not do Daylight Saving Time (except for the Navajos). They were the last state to accept Medicaid—doing without federal funds rather than creating a state program.

And they have been about as Republican as you can get. For example, Arizona has voted Republican in every presidential election since 1952, with one exception: 1996, when Bill Clinton won reelection over Bob Dole. And yet some famous Democrats and liberals have come out of Arizona. Carl Hayden served longer in Congress than anyone else ever (1912, the statehood year, to 1969).

LEONARD McCOMBE/TIME LIFE PICTURES/GETTY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

You remember the Udall brothers, Stewart and Mo. Bruce Babbitt ran for president in 1988, and another former governor, Janet Napolitano, is now Obama's secretary of homeland security.

But Republicans have dominated. Today, they have a majority in both houses of the legislature, although their hold on those majorities is insecure. They have the governor—Napolitano's successor Jan Brewer. They have the two U.S. senators, John McCain and Jon Kyl. But the U.S. House delegation is five-to-three Democratic. According to Tom Patterson, the next governor will be a Democrat: the current attorney general, Terry Goddard.

The state's electorate is evolving. Party registration is now pretty evenly split between Republicans and Democrats. And the Democrats are outraising the GOP: That is, they are bringing in more money, a striking turn of events. The Republican party is suffering some divisions. For example, Arizona is running the largest budget deficit of any state in America, by at least one measure (having to do with the percentage of the general fund). That is not very Goldwaterian. And Governor Brewer is proposing a tax increase. Other Republicans gag and rebel at this, saying that a tax increase is particularly nutty in a recession, deficit or no deficit.

The state's electorate evolves because the population evolves: is added to, changes, in a Democratic direction. John Norton can testify to this. He is a businessman, a former official in the Reagan Agriculture Department, and a third-generation Arizonan. His grandfather arrived here in 1880. Very few others can boast such roots here. He says, "When I was a kid, we had a dinky little town"—Phoenix—"surrounded by farmland. Now we have a huge city with no farmland." For decades, "our influx of people came from the Upper Midwest, where it's cold. We had a lot of North Dakotans and so on. They came down here to warm up, and they tended to be conservative. They didn't upset our political composition. But now the people coming our way are from California, and they are of a less reliable bent"—meaning, they are pretty unconservative.

Indeed, some Arizonans joke that a security fence should not be built along the state's southern border, with Mexico, but along the western border with California. You have perhaps heard of "Vermontization." Vermont was once one of the most Republican states in the land—a New England Arizona. It was one of the two states won by Alf Landon in 1936. The other was Maine. (The saying had been, "As goes Maine, so goes the nation." That year, the quip was, "As goes Maine, so goes Vermont.") But people from New York City, Massachusetts, and other liberal realms decided that they liked Vermont, a lot: So Coolidge's state became Howard Dean's, and Patrick Leahy's, and Bernard Sanders's. (Sanders is the first avowedly socialist senator in American history.) Arizona is experiencing some Vermontization. And Byron Schlomach, an analyst with the Goldwater Institute in Phoenix, makes a key point—a point that is also a complaint: What drew the Californians to Arizona was a healthy economy; but they have little idea of what makes an economy healthy; and they want to make the state more like California, meaning that Arizona will become less a state that people want to come to than one they want to exit.

Some of the newcomers want Arizona to become hipper, trendier, more "coastal," in spirit—less Arizona-like, in other words. The Goldwater Institute's president, Darcy Olsen, refers to "transplant snobs." A Goldwater vice president, Starlee Rhoades, has a similar point: Why do people come wanting to subvert Arizona's character, its specialness? In the 1980s, we said, "Let Poland be Poland," and "Let Reagan be Reagan." Why can't Arizona be Arizona? The name of a recent off-Broadway show has relevance: *I Love You, You're Perfect, Now Change*.

THERE is also an elephant in the room, or state: a donkey, actually, because this development favors the Democratic party. And that is illegal immigration from Mexico. John Norton puts it bluntly: "Our streets are paved with illegal aliens. The United States government's handling of the problem makes me want to throw up. Our borders don't mean anything at all to our government." Tom Patterson says, "The demographics are all against us"—against the Republicans—"unless we can do something to convince Hispanics that conservatism is something embraceable by them." For years, he heard, as many of us heard, that Hispanics are "natural conservatives": family-minded, hard-working, enterprising, church-going, and so on. They are supposed to fall into the conservative camp, but, in reality, "it never happens," says Patterson. In this part of the world, the Hispanic population suffers from high out-of-wedlock birthrates and inattention to education. Also, they receive government largesse, and duly "vote their pocketbook," so to speak. These are generalizations, of course, but unfortunately well-founded ones.

Patterson says that "the number of Hispanics in the Republican party is just de minimis," which is terribly significant, because the Hispanic population stands at 30 percent and is growing "by leaps and bounds." And those Hispanics who are in the Republican party, continues Patterson, tend to be "professional Hispanics": "What they like to talk about is being Hispanic, and they like to say that Republicans should do more for Hispanics, rather than talking about how Republicans can convince Hispanics to embrace a conservative or Republican way of thinking." Arizona Republicans are not united on the issue of immigration, even of illegal immigration: Some businessmen—e.g., fast-food operators—like this immigration, saying it is good not only for them but for the state's economy at large.

In any case, Arizona is becoming a "purple" state, as Patterson and others say: neither red (conservative) nor blue (liberal), but a blend. And if the state continues to Hispanicize and Californiaize, without Republican capturing of hearts and minds, it will be outright blue. Texas too, for that matter, but that's another—not dissimilar—article.

For now, however, Arizona is recognizably Goldwaterian: a place that Arthur Frommer is probably right to find uncongenial. Jess Yescalis is a political strategist who has worked in about half the American states. Nowhere else, he says, does "a message of individual freedom, free enterprise, self-reliance," etc., so resonate. Clint Bolick is inclined to agree. He stresses that property rights are exceptionally strong here, and school choice as well. "In primary campaigns, Republicans will try to out-school-choice one another." Arizonans are also taking steps to shield themselves from federal laws concerning health care and unionization—protecting their distinctiveness.

In August, the *Arizona Republic* said Christopher Broughton and his gun-bearing brethren had "ignited a media firestorm, reinforcing the stereotype of the Grand Canyon State as a gun-loving vestige of the Wild West." Traditional Arizonans and their well-wishers can only say, "Long live the vestige." Or, to paraphrase Ben Franklin, "A vestige, if you can keep it." **NR**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Equilibrist

Irving Kristol and the politics of ma non troppo

BY WILFRED M. McCLAY

LUNCH with Irving Kristol was an experience to remember. I had the pleasure only three times, always in the excellent dining room atop the American Enterprise Institute, but I recall each occasion distinctly and fondly. Our conversations ranged widely, and were always interrupted by friends dropping by the table, wanting Irving's take on burning issues of the day, whatever they might have been. Yet he seemed to have the ability, common to skillful editors, of taking all such interruptions in stride, almost as if they were written into the script, directing and redirecting his attention at will without loss of focus. What we now call "multitasking" seemed to come naturally to him. He always had a lot of irons in the fire.

And yet every time I saw him in action, he seemed to me the most relaxed and composed guy in the room, with his broad, radiant smile reminding one of a cross between a Cheshire cat and a contented Buddha. Certainly that was true in our conversations, no matter how gloomy the topic. He had an imperturbable confidence that, like the peace that passeth understanding, was a mystery intrinsic to his being, in no way dependent upon the outcome of external events, about which he was likely to be only guardedly optimistic at best. Such confidence was, I believe, the basis of all his other virtues, the ballast that kept his outlook so unfailingly sane.

Perhaps that confidence was one reason he had absolutely no interest, at least none that I could detect, in talking about himself. Almost any other subject was more appealing. This was not out of shyness or modesty, but simple boredom, as if one were to propose a long discussion about the commutative principle of multiplication. What was there to discuss? In that sense, Irving was different from most people in our era, and particularly from most Washington people and most academics. Of course, that was partly because he fit neither of the latter categories, even though he lived happily and productively in Washington for many years and taught at New York University for nearly two decades before that. He managed to navigate those settings without ever taking on their vices, because he knew who he was.

He did not, for example, suffer from the academic's addiction to parading ever-greater levels of complexity, making arguments from authority, and using jargon and willfully opaque verbiage to do so. That was not Irving. He weighed the issues with great care, and had a phenomenal ability to read and absorb and distill a wide range of often highly technical writing. But in the end, what came out of his mouth was often disarmingly simple and direct, presented without qualifications or escape clauses, so much so that he often fooled people. Where they expected mere erudition they got wisdom, and they were not prepared for that.

His willingness to operate in that way reflected the range of his virtues. He had an uncanny ability to cut through the incidentals and accidentals of a matter, go right to its center of gravity, and grasp hold of it in clean, epigrammatic phrases. This intellectual virtue was also a moral virtue, since it demonstrated his willingness to forgo all the protective trappings of erudition and name-dropping, and instead present himself and his ideas simply as what they were. Irving was rightly suspicious of academic intellectuals, and it did him good to keep his distance from them. But no man ever walked the earth who believed more deeply in the power of ideas to make sense of human affairs, and did more to advance the ideas he cared about.

He understood from the start that any sustained success for the right ideas would require something more than the work of a single brilliant pen. So he also became a builder of institutions. As he once put it to me, he had discovered early in his life that all the most important innovations in intellectual history had come out of small, intense groups—circles, schools, salons, sects, metaphysical clubs, and the like. He realized that the task before him, the defense of liberal society against its own excesses, would require the creation of something similar, an incubator and testing ground for the ideas that would become neoconservatism. "I decided that I wanted to create a salon," he said, and in a way that is precisely what he did. In a sense, all the magazines he edited, notably *The Public Interest*, and all the institutions he helped sustain, notably the American Enterprise Institute, were his salon, an archipelago of gathering places where those who were like-minded, but not too like-minded, could have fruitful conversations and exchanges leading to enlivened inquiry and intellectual breakthroughs.

A GREAT deal has already been written about Irving Kristol on the occasion of his death, and there is perhaps no reason to rehearse here his brilliant intellectual career, beginning in those famous alcoves at City College of New York, and culminating in his role as author, *Wall Street Journal* columnist, editor, adviser to presidents, and salonmeister extraordinary. I do think, however, that some aspects of his intellectual contribution have not yet been fully appreciated, and these will become clearer as more time passes.

It is possible to make too much out of his youthful flirtation with Trotskyism, the main result of which was his lifelong nonflirtation with a young lady named Gertrude Himmelfarb, the sole point of interest at otherwise dreary chapter meetings. But there is no doubt that a signal event in his intellectual development was his rejection of modern liberalism's fatal attraction to the furthest excesses of the French Enlightenment, which sought to overturn all traditional forms and usages, and entirely reengineer man and society in the image of rational ideals. This aversion was surely behind his attraction to the work of Leo Strauss, with its critique of modernity. But it also—and I think more importantly—was behind his growing appreciation

Mr. McClay is spending the 2009–10 academic year as William E. Simon Distinguished Visiting Professor in the School of Public Policy at Pepperdine University.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of the alternative treasures of the Anglo-American intellectual tradition: the richness of English conservatism, the prudence and anti-utopianism of the British Enlightenment, the moral balance of Adam Smith, the inherent conservatism of the American Revolution, the skepticism of the American Founders. Indeed, it is no coincidence that his wife, Himmelfarb, one of our most eminent historians, made British intellectual history her grand subject.

His years in England, particularly the five years in the early 1950s spent as coeditor of *Encounter* magazine, were crucial to this shift, and left a permanent mark on him. As John Podhoretz has shrewdly observed, one could even detect the enduring mark of those years in Irving's unusual accent, which occasionally smuggled a British "ah" into a world like "half." It was during those years that he met not only figures such as Isaiah Berlin and W. H. Auden, but also British conservatives such as Michael Oakeshott, Malcolm Muggeridge, Peregrine Worsthorne, and Henry Fairlie, who were, in addition to being far and away the most interesting people he and his wife encountered, entirely comfortable and unapologetic about their conservatism, in a way that was not thinkable in the United States. Just as important, he had the chance to observe at close quarters the beginnings of the descent of post-war Britain from its Churchillian heights to social-democratic depths under the influence of blindly egalitarian ideas, and he did not like what he saw, or want it for his own country.

Imbibing the work of such mentors, and reflecting on the meaning of such experiences, Irving Kristol became a quintessential equilibrist. He did not abandon everything about liberalism, but he came to see that the good life was a balancing act. Virtue was nearly always to be found as a mean between contending excesses, and human nature was so untrustworthy that it always needed to be checked by countervailing forces. A dynamic and competitive capitalism was optimal for sustained economic growth, but only when it was accompanied by traditions and moral constraints that served to inform and direct economic forces and keep them within bounds. Democracy and a high degree of individual liberty were desirable, but only when they were countervailed by constitutional restraints and a high respect for the rule of law and an orderly society. Lines had to be drawn, and settled precedents were to be respected. Patchwork reforms, undertaken with gradual Burkean patience, were always better and more enduring than comprehensive ones.

There is some fairness in the claim that neoconservatism was, despite its favorable view of Burke, at least at first a form of liberalism. Kristol did not seek the repeal of the New Deal or the banishment of social science, two of the culprits most likely to be fingered by traditional conservatives. But he was keenly alert, thanks in part to his British experiences, to the ways in which overly ambitious welfare states could demoralize otherwise healthy and capable populations and create dysfunctional and corrosive behaviors that lead to social breakdown and the permanent immiseration of entire classes of people. And in the pages of *The Public Interest* he published the work of a band of brave and innovative social scientists who used the techniques of their disciplines to demonstrate the negative consequences of many of the most "progressive" reforms. To that point, conservatives had generally done little more than inveigh against these reforms in broadly moral or philosophical terms. *The Public Interest* and a handful of other venues provided empirical evidence that the reforms were misguided and damaging. The end result, by the middle of the 1990s, was a reform of the American welfare system that has been one of the few unalloyed successes of American social policy.

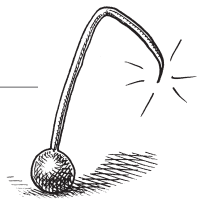
He was all too aware of the flaws of the existing system, and never glossed them over. His "two cheers" for capitalism never turned into three, and indeed, he never had three for much of anything. Capitalism, liberalism, and democracy established themselves in America, he wrote (borrowing from Strauss), upon the "low but solid" foundation of self-interest, and accepted a "weak consensus" that extends not to the definition of happiness but only to the procedural means by which governments allow individuals' varied pursuits of happiness to go forward. Such a "weak consensus" proved vastly liberating to individual creativity and aspiration, but it has been pointedly unable to offer a principle of moral cohesion upon which society can be ordered. Hence, for Kristol, the central importance of religion, and hence, too, his alarm at the prospect of our having nearly exhausted the inherited capital of our religious traditions.

Of course, religion too can become a hazard when not countervailed by a vigorous regime of individual rights and secular institutions, with protections for minorities; and if that were the problem facing our time, we can be sure that Irving Kristol would have written about it at length. Indeed, if Kristol had been a composer (and the analogy can be extended, since he was just as much a conductor, and impresario, as a composer), he would surely have marked the tempi on all his pieces with the trailing qualifier *ma non troppo*—meaning "but not too much." *Allegro* . . . but not too much. Capitalism, yes . . . but not without moral and spiritual counterweights. Democracy? Yes, but with a full recognition of its limitations and pathologies. Liberalism? Yes to constitutionalism and free economies, but no to the monstrous and all-devouring thing that statist liberalism has become.

In a sense, the human need for limits, and the problem of identifying limits in an age that refuses to acknowledge the legitimacy of them, or for that matter of any authority, was the fundamental insight and animating core of Irving Kristol's intellectual life. We don't have the means anymore to say what is *troppo*. But Irving did, and did so with a confidence that was as rare as it was inspiring. Let's hope that we are wise enough to draw on his work and example in the years ahead. **NR**

DARREN GYGI

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



The Bent Pin

BY FLORENCE KING

Gone with the Windbags

Like eager children clamoring to know "Are we there yet?" MSNBC's news anchors always seem to be asking "Is it racism yet?" We can tell from their unrestrained glee that their favorite destination is only a hop, skip, and jump to conclusions away. Just around the bend, in fact, like conservatives in general, whom they regularly call certifiable crazies and paranoid wing-nuts.

They reveled in the summer's rich supply of anti-Obama protest marches and African witch-doctor signs, but now their wholesale libels have begun to wear thin. The problem with assigning mass guilt is one of diminishing returns and these are starting to show up. If everybody on the right is a racist, then nobody on the right is a racist. If everybody on the right is insane, then nobody on the right is insane. You have to stand out from the crowd to warrant such extreme accusations, but if everybody stands out from the crowd, the crowd ceases to exist.

MSNBC has used up all of its racial enemies. They are not going to get any more mileage out of Joe Wilson, who is beginning to sound as dazed and weepy as Mark Sanford (they even look alike), and whose experience has put a damper on what little spontaneity politicians have. If MSNBC wants to continue ramping things up they will need to find the avatar of avatars, the ultimate to-die-for "get," and launch a Keith Olbermann, Ed Schultz, Rachel Maddow racist-hunting extravaganza. The question is, Who will be their magic bullet?

Margaret Mitchell was born in 1900 and died after being struck by a car in 1949. Had she lived a normal life span—say to 1975—she would have been besieged by the media and hounded at every step of the civil-rights movement, held up as an egregious symbol of the Old South, and attacked relentlessly as the voice of reaction. MSNBC would have loved nothing better than to get their mikes around her neck and sink their soundbites into her Georgia-peaches-and-cream complexion. They can't get to her now, but they can still get to her book, and I would not put it past them to mount an all-out attack on *Gone with the Wind* and call it a "teachable moment." I can see it now . . .

The show opens with Schultz, Olbermann, and Maddow, all bad mimics, doing their usual tone-deaf Yankee imitation of a Southern accent, the same one they used for Joe Wilson: "special needs" hillbilly, dead drunk. Then each reads the passage in *GWTW* that disgusted and offended him the most. Barrel-chested, oak-necked Ed Schultz, the liberal who doesn't look like a liberal, who looks like a bully, sounds like a bully, and is a bully, goes after the character he feels most confident going after—Aunt Pittypat:

"My dear, they want to let the darkies vote! Did you ever hear of anything more silly? Though—I don't know—now that I think about it, Uncle Peter has much more sense than any Republican I ever saw and much better manners but, of course, Uncle Peter is far too well-bred to want to vote."

After Schultz beats up on a little old lady given to fainting spells, Olbermann, trembling with fury and breathing hard, reads Scarlett's reaction to Gettysburg:

"It would have been so much better for the Yankees to pay for the darkies—or even for us to give them the darkies free of charge—than to have this happen."

This is too much for Olbermann and calls for his specialty, a Special Comment: "You, madam, are a belle from Hell!" He huffs on in this vein, instructing his audience to send their comments to Keith@ShareTheSlaves.com, then rounds on Margaret Mitchell herself: "And to think, madam, that you are on a United States postage stamp! Americans have to kiss you, yes, kiss you!" (Keith@OffTheStamp.com) "Well, hear this, madam. You don't know nuthin' 'bout birthin' books, which is why I demand, yes, demand, that your Pulitzer Prize be posthumously rescinded!" (Keith@PullThePul.com)

Now it's time for a Holy Mackerel story from Rachel Maddow, who has fingered the most rabid secessionist and die-hard racist in the whole book. Would you believe it's Melanie? Giving her signature "Yup," Rachel gleefully reads the passage about singing "Bonnie Blue Flag" at the bazaar:

"Scarlett, singing with the rest, heard the high sweet soprano of Melanie mounting behind her, clear and true and thrilling as the bugle notes. Turning, she saw that Melly was standing with her hands clasped to her breast, her eyes closed, and tiny tears oozing from the corners. . . . There was a deep, almost fanatic glow in her eyes that for a moment lit up her plain little face and made it beautiful."

Slavery? Melanie's serene denial shaped her belief that all able-bodied men should be sent to the front immediately: "And as for all this talk about the militia staying here to keep the darkies from rising—why it's the silliest thing I ever heard of. Why should our people rise?"

When Ashley is talked into moving to Atlanta instead of New York as he had planned, Melanie is delighted because it means that their son can go to school: "If we went North, we couldn't let him go to school and associate with Yankee children and have pickaninnies in his class! We'd have to have a governess, and I don't see how we'd afford [it]."

Then there's the ex-convict, Archie, whom Melanie hired as Scarlett's coachman. A hate-filled mountaineer sentenced to life for murdering his wife, he was pardoned late in the war in exchange for joining the army. When Scarlett discovers this and demands to know why Melanie trusted him, Archie explains: "She reckoned as how anybody who'd fought for the Confederacy had wiped out anything bad they'd done." To which Scarlett replies: "Melanie had that mixed up with baptism!"

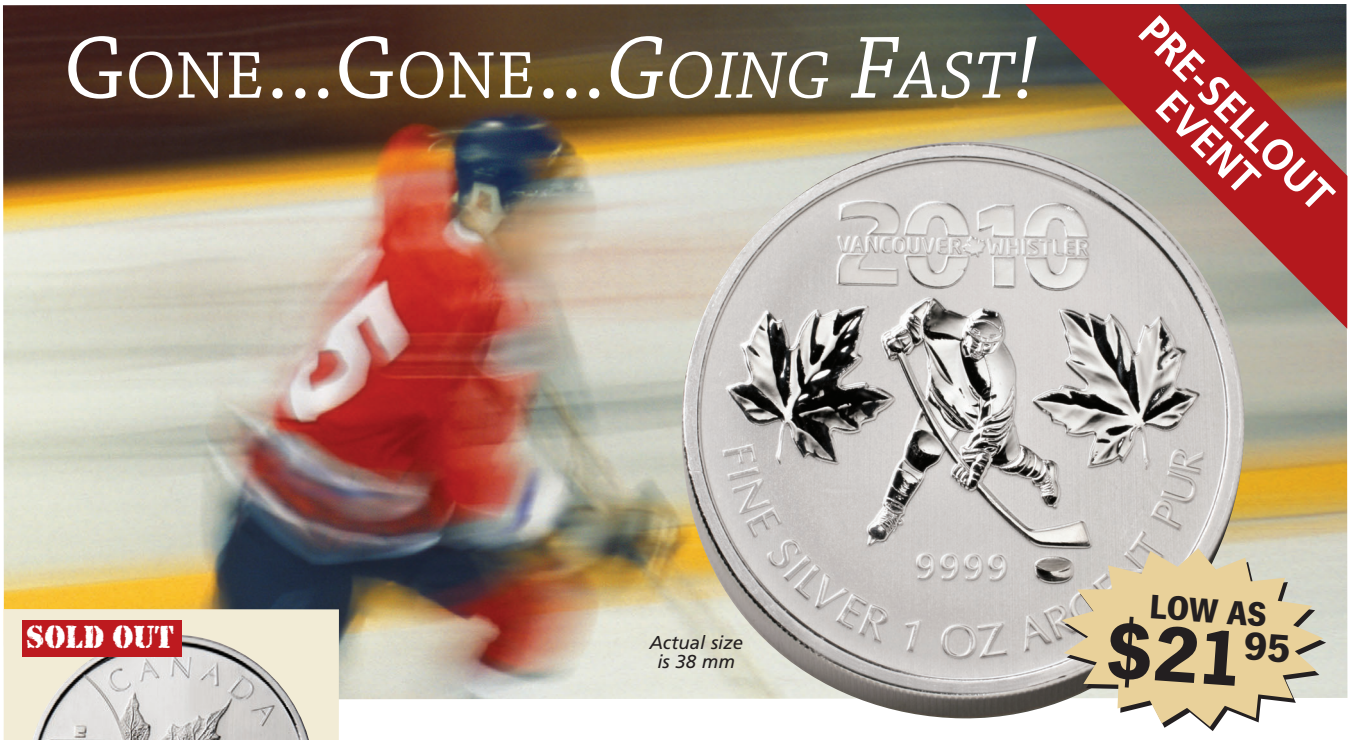
To end on a serious note: I predict that Jimmy Carter will apologize for his fellow Georgian and her book. **NR**

Florence King can be reached at P.O. Box 7113, Fredericksburg, VA 22404.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

GONE...GONE...GOING FAST!

PRE-SELLOUT EVENT



Actual size is 38 mm

LOW AS $21.95

SOLD OUT

2008
GONE!

SOLD OUT

2009
GONE!

FINAL YEAR VANCOUVER 2010 OLYMPIC WINTER GAMES SILVER DOLLAR JUST RELEASED!

ACT FAST—EXPECTED TO SELL-OUT IN A FLASH!

To celebrate the return of the Olympic Games to North America, Canada is issuing a three-year silver dollar set. The 2008 issue, featuring the familiar Maple Leaf, quickly sold out. And then, this April, the mint cut off production of the 2009 Thunderbird issue. These are now sold out and unavailable. The 2010 silver dollar has just been released. There is no telling how long they will last, but *they could be gone in a heartbeat!*

HUGE DEMAND DEPLETED SUPPLY

These Official Vancouver 2010 Olympic Winter Games coins contain one full Troy ounce content of 99.99% fine silver and are sought by buyers worldwide. The 2010 issue features ice hockey, Canada's national sport, and could prove to be the hottest selling silver dollar of them all. We don't know when the mint will cut off production of this coin as they have done with the first two, but it could happen at any moment. So you must ACT NOW!

UNPRECEDENTED OPPORTUNITY!

The first Olympic Games Commemorative coin ever was issued by Finland in 1951 at a cost of about $13. Today that coin could cost as much as $674. Not only are Olympic Games coins sought after, Canadian Silver Dollars are HOT! You could have purchased a set of 1946, 1947 and 1948 silver dollars a few years ago for a few thousand dollars. Today, you could pay as much as $44,850 to obtain them in the same TOP QUALITY as these 2010 dollars. No one can predict the future, but for as little as $21.95 per coin, this is a HUGE buying opportunity!

ACT NOW—RISK FREE!

We are standing by 24 hours a day, 7 days a week to accept your call. And rest assured, you may examine your silver dollars *risk free* for 30 days. If for any reason you are not satisfied, simply return them for a full refund (less s&h).

BUY MORE TO SAVE MORE!

One Vancouver 2010 Ice Hockey Silver Dollar $24.95*
Ten for only $23.95 each* **SAVE $10**
Bankers Roll (25) for only $22.95 each* **SAVE $50**
Four Bankers Rolls (100) for only $21.95 each* **SAVE $300**

**Plus shipping & handling.*

Toll-Free 24 hours a day
1-888-201-7664
24 hours a day, 7 days a week

Offer Code VHS119
Please mention this code when you call.

vancouver 2010

AUTHORIZED LICENSED DISTRIBUTOR
VANCOUVER COINS
14101 Southcross Drive West, Burnsville MN 55337

www.govmint.com/vancouvercoins

Past performance is not a guaranty of future value.

BBB ACCREDITED BUSINESS

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Long View

BY ROB LONG

Literary Classics

The Official ACORN™ editions—

From *The Adventures of Huckleberry Finn* by Mark Twain:

The Widow Douglas she took me for her son, and allowed she would sivilize me; but it was rough living in the house all the time, considering how dismal regular and decent the widow was in all her ways; and so when I couldn't stand it no longer, I did what the lady at ACORN told me to: I lit out. Tied her up, gagged her with an old belt. Took the TV, took her jewelry, took most of the silverware she had in the sideboard. I got into my old rags and my sugar-hogshead again, and was free and satisfied. Lit the house on fire on my way out. But Tom Sawyer he hunted me up and said he was going to start a band of robbers, and I might join if I would go back and be respectable. Didn't seem like much fun, so when Tom's back was turned I removed the old butter knife from my blue jeans and . . .

From *The Red Badge of Courage* by Stephen Crane:

It rained. The procession of weary soldiers became a bedraggled train, despondent and muttering, marching with churning effort in a trough of liquid brown mud under a low, wretched sky. Still, a lot of them had valuables on their persons, which could be easily lifted from their lean and sickly frames. Wedding rings, belt buckles, picture frames, all of these were worth grabbing as they passed by. The youth smiled, for he saw that the world was a world for him, though many discovered it to be made of oaths and walking sticks. He had rid himself of the red sickness of battle. The sultry nightmare was in the past. He had been an animal blistered and sweating in the heat and pain of war. Thanks to ACORN, he turned now with a lover's thirst to images of tranquil skies, fresh meadows, cool brooks, profitable enterprises of prostitution and tax evasion—an existence of soft and eternal peace.

From *The Portrait of a Lady* by Henry James:

Madame Merle had not made her appearance at Palazzo Roccanera headquarters of ACORN on the evening of that Thursday of which I have narrated some of the incidents, and Isabel, though she observed her absence, was not surprised by it. The madame in question was running a highly lucrative prostitution ring out of her government-provided home, and when she was not busily burying the cash proceeds in the back yard, she was dedicated to ensuring the safe passage of young girls from the south into the hands of her talented pimp. Things had passed between them which added no stimulus to sociability, and to appreciate which we must glance a little backward. It has been mentioned that Madame Merle returned from Naples shortly after Lord Warburton had left Rome, and that on her first meeting with Isabel (whom, to do her justice, she came immediately to see) her first utterance had been an enquiry as to the whereabouts of this nobleman, for whom she appeared to hold her dear friend accountable, and who, it emerged, owed her a great deal of drug money. "Where's the Lord, be-atch?" she asked. And it was then that Isabel produced the shiv. It was on.

From *The Great Gatsby* by F. Scott Fitzgerald:

I took a huge swig from my Colt 45, and as I sat there brooding on the old, unknown world, I thought of Gatsby's wonder when he first picked out the green light at the end of Daisy's Glock 9mm. He had come a long way to this blue lawn, and his dream must have seemed so close that he could hardly fail to grasp it. He did not know that it was already behind him, somewhere back in that vast obscurity beyond the city, where the dark fields of the republic rolled on under the night, and in the backyard, buried in an old tin box, the cash he saved from the deal with the Mexican drug gang that ACORN had set up. ACORN!

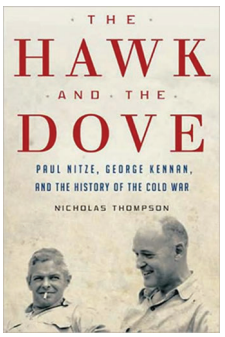
Gatsby believed in the green light, the orgastic future that year by year recedes before us. It eluded us then, but that's no matter—to-morrow we will run faster, stretch out our arms farther, get more from the government . . . And one fine morning—

So we beat on, boats against the current, borne back ceaselessly into the past, into next year's appropriation bills.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Parallel Lives

PAUL LETTOW



The Hawk and the Dove: Paul Nitze, George Kennan, and the History of the Cold War, by Nicholas Thompson (Henry Holt, 416 pp., $27.50)

In February 1946, George Kennan despaired that the U.S. government, mystified by Soviet unwillingness to cooperate in its plans for shaping the post-war world, understood neither the nature of Stalin's Soviet Union nor its implications for the United States. Irritated that his State Department superiors had ignored the analysis he had been providing as chargé d'affaires at the embassy in Moscow, he made the most of the opportunity when Washington queried the embassy about Stalin's truculence in recent speeches and the USSR's rejection of the International Monetary Fund and the World Bank. As Kennan later wrote of his response, "Nothing but the whole truth would do."

Kennan poured forth the "Long Telegram." It was analytical, informed, and stark in its portrayal of the Soviet leadership and its motives and modus operandi. Kennan wrote that Soviet perceptions of and behavior toward the outside world had less to do with conditions beyond the USSR's borders than with a traditional desire by Russian rulers to consolidate unchallengeable authority; joining that traditional insecurity with Marxist dogma, Stalin and his cohort "found justification for their instinctive fear of [the] outside world, for the dictatorship without which they did not know how to rule, for cruelties they did not dare not to inflict, for sacrifices they felt bound to demand." The Soviet regime sought ever and only to increase its strength and prestige internally and externally. It intended to destabilize Western powers and split them from one another, and to expand its influence into colonial or once-colonial lands. The Soviets believed that to secure their own power they must undermine America's way of life and international authority; with the U.S. there could be no modus vivendi.

In Kennan's view, the problem of how to cope with the Soviet Union was the "greatest task our diplomacy has ever faced and probably [the] greatest it will ever have to face." He argued that the U.S. should meet the challenge with neither belligerence nor inaction, but through a careful, thoughtful strategy of the sort employed during war. In that regard he offered some encouraging observations of the adversary: The Soviet Union did not take unnecessary risks and would withdraw in the face of strong opposition or likely defeat; it was, compared with the West, the less powerful force; and, because it was overextended and purely dictatorial, its permanence was not assured. The Long Telegram had an immediate, revelatory effect on Washington, a result of both insight and timing. Kennan brought clarity and understanding to murky and tense U.S.-Soviet relations.

In 1947, Secretary of State George Marshall established the State Department's Policy Planning Staff to provide strategic thinking on the most important foreign-policy issues, and installed Kennan as its director. As "X," Kennan anonymously authored a *Foreign Affairs* article that year titled "The Sources of Soviet Conduct." In it he developed his theses that the USSR bore within it the seeds of its own decay, and that, while U.S. actions could not cause the fall of the Soviet regime, they could "increase enormously the strains under which Soviet policy must operate" and thus promote tendencies that would lead to either "the break-up or the gradual mellowing of Soviet power." He also wrote, fatefully, that U.S. policy toward the USSR "must be that of long-term, patient but firm and vigilant containment of Russian expansive tendencies."

Three years later, Kennan's deputy and then his successor as policy-planning director, Paul Nitze, led the preparation of a U.S. strategy for dealing with the USSR in the aftermath of the Soviet development of the atomic bomb and the Communist revolution in China. The report, "NSC-68," argued that a peaceful strategy of containment required a sustained and broad military buildup. Even before then, Kennan believed that he had lost control of his idea of containment, which he saw primarily as a political strategy for a political problem. Nitze agreed with and admired Kennan's analysis of the Soviet threat but thought Kennan's prescriptions inadequate, even naïve. By 1950, Kennan and Nitze had helped lay the foundational premises and basic strategy of the Cold War.

In *The Hawk and the Dove*, Nicholas Thompson, an editor at *Wired* magazine and a grandson of Paul Nitze, has produced a well-conceived and deftly written joint biography of Kennan and Nitze, friends and rivals who profoundly influenced U.S. Cold War policy.

Kennan began training as a Russian specialist before the establishment of U.S.-Soviet diplomatic relations. He mastered Russia's language, history, and culture, and pored over what information was available from the USSR. He spent the mid-1930s as one of the first officials in the new U.S. embassy in Moscow, observing in person Stalin's show trials and the opacity and duplicity of the Soviet leadership. By the time he had completed his second tour in Moscow in 1946, he felt that he "knew

Mr. Lettow is an adjunct senior fellow at the Council on Foreign Relations and the author of Ronald Reagan and His Quest to Abolish Nuclear Weapons.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

as much as anyone in the United States about the ugliness of the problem that Stalin's Russia presented to us." His Long Telegram and "X" article were meant to help his government, in the words of the Long Telegram, "apprehend" that problem, "and recognize [it] for what it is." Brooding, sensitive, old-fashioned, and eloquent, Kennan was both supremely confident in his intellectual abilities and regularly afflicted with punishing insecurities.

During the time Nitze served under Kennan, the latter was on his way to becoming a public intellectual; Kennan's authorship of the "X" article was almost immediately revealed, and the article was widely excerpted, read, and discussed. Nitze, three years younger than Kennan, was still relatively unknown. He had studied the effectiveness of the U.S. strategic-bombing campaigns against Germany and Japan, and the atomic bombing of Hiroshima and Nagasaki (part of his duties included a visit to devastated Hiroshima).

Kennan and Nitze complemented each other at the State Department, and jointly contributed to the inception and execution of the Marshall Plan. Over time, however, fundamental disagreements emerged, as did clear signs of which would be the more effective policymaker in years to come. Kennan sought a global balance of power in which the world's major industrial powers kept one another in check. Skeptical of any special role for America in the world—which he considered an unsophisticated basis for U.S. policymaking—and military alliances or any other "militarization" of containment, he opposed the establishment of NATO and argued passionately, and futilely, that the U.S. ought not to develop a hydrogen bomb. Adhering to Kennan's analysis of the USSR, Nitze focused on building American and allied strength, as measured by military and economic might as well as by less tangible perceptions, versus that of the Soviet bloc. Nitze believed in the ability of America to lead an immense struggle and the necessity for America to spend substantial resources. He was unapologetic about America's need for the hydrogen bomb, since the USSR surely sought it and would use it as leverage to further its global ambitions. (Thompson helpfully quotes a later reflection from Andrei Sakharov that the Soviets would have perceived any U.S. refusal to pursue the hydrogen bomb as either a trap or a "manifestation of stupidity and weakness.")

Secretary of State Dean Acheson, whom both Kennan and Nitze served, later described Nitze as "a joy to work with because of his clear, incisive mind." Acheson summed up his views of Kennan in an assessment of one of the latter's policy papers. As perceptive and acerbic as Henry James, Acheson observed that Kennan's paper was "typical of its gifted author, beautifully expressed, sometimes contradictory, in which were mingled flashes of prophetic insight and suggestions, as the document itself conceded, of total impracticality."

Kennan would hold two other official jobs. Each was brief and ended in disappointment. Appointed ambassador to the USSR, a post for which he was uniquely qualified, in 1952, he was declared persona non grata by Stalin within five months for publicly comparing the Soviets' treatment of foreign diplomats to the internment by the Nazis of Kennan and his embassy colleagues in Berlin in 1941–42. Recalled in 1961 by the Kennedy administration to active service as ambassador to Yugoslavia, Kennan spent two unremarkable years in Belgrade, marred toward the end by his unyielding and disproportionate insistence that the U.S. expand trade with Yugoslavia. Except for those interludes, Kennan spent the years from 1950 until his death in 2005 as a prolific and rightly celebrated historian and memoirist, and as a foreign-policy sage.

Nitze remained an enduring and influential policymaker throughout the Cold War, focusing always on relative U.S. and Soviet capabilities. He served Presidents Kennedy and Johnson as a senior Defense Department official, advising the former during the Cuban Missile Crisis. He was a formidable arms-control negotiator for Presidents Nixon and Reagan, impressing his colleagues and counterparts with his mastery of detail and capacity for work. Nitze influenced policy even when outside government. During a brief gap between his service to Presidents Johnson and Nixon, he rallied public and congressional support for the development of a missile-defense system, which he intended, and immediately used after returning to government, as a bargaining chip in negotiations with the Soviets. Out of office during the Ford administration, he played an important role in the "Team B" exercise, in which a group of outside experts thoroughly criticized the CIA for underestimating the nature and implications of Soviet strategic power. And during President Carter's term, he revived and guided the Committee on the Present Danger, a bipartisan group that called for increased defense spending to counteract what it saw as years of neglect.

Thompson aptly tells the story of Nitze's progression as an adviser, relating also Kennan's anguish out of office, as Kennan increasingly feared that the nuclear-arms buildup and inept and ideological U.S. policy would lead to catastrophe.

Thompson's book has its flaws. The title is misleading. Kennan, though wary

PSALM OF PERNETT DU GILLET

The night was so dark it had hidden heaven
And earth from me. To my despair,
At noon I could not see a human face,
Though I heard voices. So when dawn
Came rushing in, as if from nowhere,
With its thousand colors, and suddenly
I was surrounded by light, better late
Than never I joined in praising the glory
That led a new day through the broken gate.

—DANIEL MARK EPSTEIN

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of nuclear weapons, was far from a "dove," at least as that term is commonly understood. Kennan considered the U.N. an example of dangerous and distracting idealism, believing that it would serve as a forum for the USSR and its allies to tie up the West and to exploit our high-minded purposes for their own ends. He attached little or no importance to regions outside the major industrial power centers of the world. For his part, Nitze was finely attuned to how particular military capabilities on each side would translate into global influence, but he was never eager to put those capabilities into action. Nitze, like Kennan, opposed expansion of the Korean War past the preexisting line of demarcation; he advocated an attack on Cuba during the missile crisis only if and when other options had been exhausted; and he opposed introduction of U.S. ground forces into Vietnam.

Beyond that, Thompson's portrayal of Ronald Reagan as unserious and lucky overlooks the evidence that the Reagan administration, led by the president himself, devised and pursued one of the most sophisticated U.S. strategies of the Cold War. The most important of Reagan's classified strategy directives—"NSDD 32" and "NSDD 75"—combined a thoughtful analysis of the Soviet regime with a policy approach aimed at shaping the environment in which Soviet leaders made decisions so as to encourage the mellowing of Soviet behavior and even changes in the nature of the regime. Both Kennan and his conservative critics would have been astonished at the degree to which Reagan's strategy met the purposes of the Long Telegram and the "X" article.

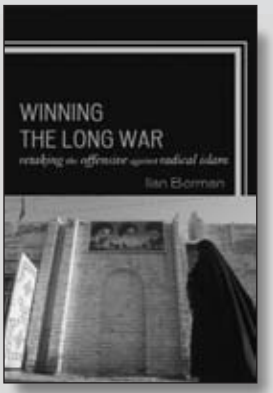
SINCE the fall of the Berlin Wall 20 years ago, U.S. foreign-policy officials and academics have cast about to find a new grand strategy. It has become something of an obsession. Kennan, the progenitor of containment, haunts our post–Cold War failures to pursue U.S. interests in the world according to a durable, overarching strategy. Thompson notes that aides to President Clinton, seeking a label for their foreign policy, called the effort—to devise a label, not a strategy—the "Kennan sweepstakes."

We should first remember what it was that Kennan contributed so consequentially to U.S. foreign policy. His Long Telegram and "X" article did not set out a grand unified theory to guide U.S. foreign relations. They were inductive explanations of what the USSR was about, how and why it acted, and what that meant for the U.S. The Long Telegram was a response to questions from Washington about the intentions and behavior of the Soviet leadership; the purpose of the "X" article was to clarify "The Sources of Soviet Conduct." Kennan, who had a keen, cynical mind, and the drive to absorb and make sense of all that he had studied and experienced about the USSR, distilled his knowledge and insight about the Soviets in a way that helped the U.S. apprehend the real threat the Soviets posed. In so doing, he noted that through a thoughtful, concerted strategy, we could help foster the conditions in which a solution would emerge.

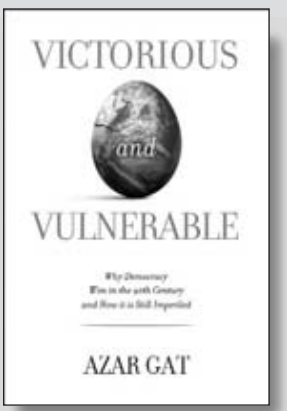
In the Long Telegram and the "X" article, Kennan did not specify such a strategy, and what he later recommended was frequently thought-provoking and cautionary but not always practical, even according to his admirers. But by first laying out the nature of the threat, as it existed in 1946 and 1947—and based on that process, stating that there was a peaceful way to overcome it that centered on the weaknesses of the Soviets themselves—Kennan provided the basis on which ensuing policymakers formulated various specific strategies.

The U.S. has independent and enduring interests and objectives. It is useful, even necessary, to pursue them through an overall national-security strategy. For the last 20 years, there has been no shortage of proposed grand strategies—many of them almost entirely unrelated to a thoughtful analysis of the motives and capabilities of other important international actors. Yet any strategy is hard put to succeed without that analysis. This is a time of new and uncertain challenges to U.S. interests, and our efforts to bring about our best wishes often seem not to achieve the desired effect. The winners of the Kennan sweepstakes may be those who can help us to understand clearly what our most significant actual and potential adversaries—and even allies—are up to, why, and what it means for us. **NR**

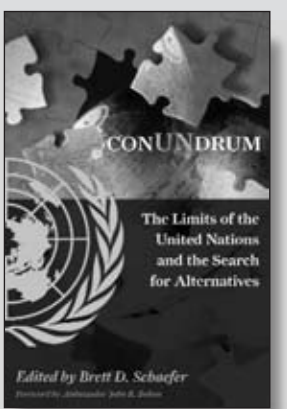
WRITE MAKES MIGHT!



June 2009, 144 pages
978-0-7425-6619-4 $29.95 cloth



September 2009, 244 pages
978-1-4422-0114-9 $29.95 cloth



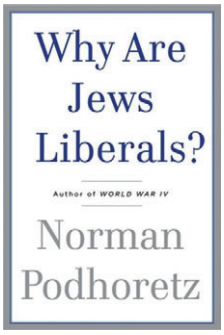
August 2009, 400 pages
978-1-4422-0006-7 $34.95 cloth

THE ROWMAN & LITTLEFIELD PUBLISHING GROUP
To order visit
www.rlpgbooks.com
or call 800-462-6420

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Status Symbol

DAVID KLINGHOFFER



Why Are Jews Liberals?,
by Norman Podhoretz
(Doubleday, 352 pp., $27)

GETTING on the freeway the other morning on the way to the office, I noticed the car ahead of me had a Barack Obama '08 sticker on its bumper. While that's nothing unusual here in Seattle—it's practically required—this sticker caught my eye. It was in Hebrew. Guessing that the other car must belong to a neighbor or near-neighbor, I was curious to see the face of the person—at the moment, in uncharitable thought, I called him something else—behind the wheel.

I was in for a surprise. On pulling up parallel with him I realized it was a friendly acquaintance with whom I had enjoyed chatting just the day before. The guy is far from a fool. He is someone who, having traveled a spiritual distance from earlier secular commitments, has been striving to bring his and his family's life in line with Orthodox Judaism, arguably the world's most conservative religion.

Experiences like this underline the enigma that Norman Podhoretz, *Commentary*'s legendary longtime editor, seeks to resolve in his new book. He does so ably, learnedly, charmingly, with his characteristic lucidity and incisiveness—but in a way that falls short, in the end, of solving the mystery. That's not to say there isn't a lot to learn and enjoy in this valuable work of scholarly journalism. On the contrary, you'll find revelations in every chapter.

The question of why most Jews are liberal has a parallel in the question of why many non-Jews have been anti-Semitic. You can narrate the history of Jewish liberalism, as Podhoretz does, or the history of anti-Semitism, and emerge equally puzzled.

Those two histories can be seen as a single tangled narrative. There's a human tendency to form your opinions, including those about politics, in conformity with the social group to which you feel attached through feelings of warmth and acceptance. At some point an association crystallized linking the political Right with the Jews' traditional persecutor, the Church, and the Left with their liberators, the intellectual movement of the Enlightenment. Even when the Church changed its stance and when the Right emerged more recently as a much sturdier ally of the Jewish people and the Jewish state, the Jews remained locked in a mindset born in the Middle Ages.

Podhoretz starts his story with the origins of Christian efforts to isolate Jews, in ghettos and specially designated geographic areas. In France, Poland, and Russia, as early as the ninth century, Church leaders worried that newly Christianized populations were falling under the sway of "Judaizing" tendencies. After the rule of Ivan the Great, in the late 15th century, it seemed a close thing whether the state religion of Russia would be a Jewish heresy. The "Heresy of the Judaizers" (*Zhidovstvuyushchiye*) apparently involved such deviations as denying the Trinity and the divine personhood of Jesus. Responding with bloody vehemence, the Orthodox Church prevailed, initiating the technique of the pogrom.

The Enlightenment, hostile to Christianity, seemed the Jews' ticket to acceptance—except that its spokesmen were often no less hostile to Judaism. Still, the logic of "the enemy of my enemy is my friend" prevailed among the Jews, and the Left became permanently identified with tolerance. Podhoretz rightly finds this mysterious:

> The question thus arises of why the Jews who joined the radical camp were not put off by the egregious anti-Semitism of Marx or that of several other major figures of the socialist movement, including Charles Fourier (to whom the Jews were "the leprosy and the ruin of the body politic") and Pierre-Joseph Proudhon (to whom the Jews were "the race which poisons everything [and] the enemy of the human race").

Podhoretz quotes Paul Johnson's observation that Marx's *Capital* "became a new kind of Torah." Meanwhile, the Jews remained oblivious to trends in Christianity that would profoundly alter the attitude of many churches to them. The Judaizing tendency that had earlier stirred in Russia appeared in a different form among English Puritans who circumcised their boys and observed the Sabbath on Saturday. One leader, John Traske, was put in prison from 1618 to 1620 for taking Judaic views to an extreme. Some Pilgrims, on seeking refuge in Amsterdam, went so far as to join the local synagogue.

Their Jewish-themed Christianity fed, of course, one of the roots of American Christianity. Among 19th-century New England intellectuals, some peculiar ideas sprang up as a result. Harvard literary scholars Barrett Wendell and James Russell Lowell independently hit on a theory proposing that the Yankee Puritans had not only an affinity with the Old Testament but Jewish family roots. Wendell traced the connection back to Norfolk and Lincolnshire counties, which had once been home to many Jews. When they were formally expelled from the country in 1290, some Jews converted and remained, never totally giving up their Jewishness.

These, so the questionable theory goes, were the ancestors of America's Puritan settlers. In a further oddity, Lowell and his fellow literary philo-Semite John Jay Chapman later reversed their views and became raging Jew-haters. "Philo-Semitism has often turned into its opposite," Podhoretz darkly observes.

The American Civil War initiated a period of anti-Semitism, mostly of the

"Look on the bright side—we could still be in the market."

Mr. Klinghoffer is a senior fellow at the Discovery Institute and the author of How Would God Vote? Why the Bible Commands You to Be a Conservative *(Doubleday). He writes the Kingdom of Priests blog on Beliefnet.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

patrician variety, that lasted right up to World War II. In the world of electoral politics, meanwhile, the Jewish romance with the Democratic party began with Franklin D. Roosevelt and has been going strong ever since. Since 1928, in election after election, Jews have supported the Democratic presidential candidate with, on average, 75 percent of their votes.

Podhoretz documents the deepening "reversal of roles between Left and Right on issues of Jewish interest." When the Democratic party stood for meeting the Nazi threat aggressively while the Republican party tended to isolationism, voting Democratic made sense. But why did Jews favor a presidential candidate like McGovern, an isolationist who threatened Jewish economic interests by endorsing race-based quotas and had little to recommend him other than—note this well—an ersatz intellectual aura?

Over the same period, on moral issues, the Democrats became the party associated with views anathema to Jewish tradition. Yet the enamored Jews stayed stunningly loyal. Whether on gay marriage, suicide, or euthanasia, Jews became the most liberal of all liberal demographic groups.

What accounts for it all? Podhoretz goes back to Johnson's observation about *Capital* as the new Torah of the Jews. Much as in religion, where most Jewish families downgraded their faith from the Orthodoxy of ancient tradition to various modern compromise positions, so, too, having become born again in the socialist church, the Jews nevertheless progressively loosened their orthodoxy there too. Liberalism is to Marxism what, among Jewish denominations, Reform is to Orthodoxy.

The problem with the parallel is that there are few if any fervent Reform Jews. Liberal Jewish religion is by its nature blasé. But there are many fervent Jewish liberals, and that is precisely the enigmatic fact we are trying to shed light on. The analyst is drawn to settling on one special reason for Jewish liberalism, above all the other possible reasons. Yet perhaps it can be explained only by reference to several different causes. Here are a couple to consider.

Podhoretz too quickly dismisses the most popular explanation, favored by Jewish liberals themselves, that there is an essential Jewish quality—compassion—to which liberalism, or least liberal rhetoric, speaks in a way conservatism doesn't. This isn't necessarily to say Jews *are* more compassionate, but rather that we think of ourselves that way. The Talmud goes so far as to say that if you meet someone claiming to be a Jew who shows no mercy to the needy, you should consider his lineage suspect: "Be certain he is not a descendant of our forefather Abraham" (*Beitzah* 32b). Maimonides codifies the observation as a matter of Jewish law.

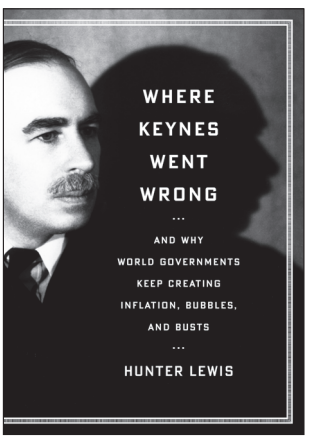
But the contributing factor that Podhoretz leaves out entirely—and I find this surprising from the author of a book with the title *Making It*—is the social prestige conferred by one political stance as compared with the other. "One of the longest journeys in the world is the journey from Brooklyn to Manhattan—or at least from certain neighborhoods in Brooklyn to certain parts of Manhattan," goes the memorable and very Jewish opening sentence in Podhoretz's memoir.

You would have a hard time finding a people more finely attuned to degrees of prestige. Once, religious scholarship was the highest merit among us. Now, it's a certain melding of academic and material accomplishment that really impresses. And boy does it impress.

On just these terms, there can be no question that of the two poles in American politics, one is a prestige accoutrement. Call it the McGovern Factor. In the circles in which Jews overwhelmingly travel, liberalism is a sign of having made it intellectually and socially, while conservatism smells of everything backward and retrograde. I speak of perception, of course, not reality. An Obama bumper sticker, whether in Hebrew or in English, says, "I'm smart. I'm enlightened." A McCain-Palin bumper sticker, like the one I've still got on my car, says, "I'm not." For many Jews, I regret having to report, that makes all the difference. **NR**

An Obama bumper sticker, whether in Hebrew or in English, says 'I'm smart. I'm enlightened.'

New from Axios Press



Where Keynes Went Wrong

BY HUNTER LEWIS

$18 (hardcover) • ISBN 978-1-60419-017-5

When the world financial system failed in 2008, world governments used a playbook devised by famed British economist John Maynard Keynes. But should we be relying so completely on Keynes? What if he is wrong? If Keynes is wrong, then so are the economic policies of Barack Obama, George W. Bush, and virtually all world governments today. *Where Keynes Went Wrong* addresses these critical questions in a lively, stimulating, and transparently clear style.

"Just what the world needs, and just in time. Keynes is demolished and his quack system refuted. But this wonderful book does more. It restores clear thinking and common sense to their rightful places in the economic policy debate. Three cheers for Hunter Lewis!"

James Grant
Editor of *Grant's Interest Rate Observer*

Available from leading booksellers everywhere AXIOS *Books to help you think through your personal choices*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

STATEMENT OF OWNERSHIP, MANAGEMENT, AND CIRCULATION
(required by 39 U.S.C. 3685)

1. Publication Title: NATIONAL REVIEW

2. Publication Number: 374-120

3. Filing Date: September 15, 2009

4. Issue Frequency: Bi-weekly

5. Number of Issues Published Annually: 24

6. Annual Subscription Price: $59.00

7. Complete Mailing Address of Known Office of Publication: 215 Lexington Avenue, New York, N.Y. 10016-4188

7A. Contact Person: Jason Ng

7B. Telephone: (212) 849-2829

8. Complete Mailing Address of the Headquarters or General Business Office of Publisher: 215 Lexington Avenue, New York, N.Y. 10016-4188

9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor: Publisher: Jack Fowler, 215 Lexington Avenue, New York, N.Y. 10016-4188; Editor: Richard Lowry, 215 Lexington Avenue, New York, N.Y. 10016-4188; Managing Editor: Jason Lee Steorts, 215 Lexington Avenue, New York, N.Y. 10016-4188

10. Owner: National Review, Inc., 215 Lexington Avenue, New York, N.Y. 10016-4188; Constitutional Enterprises Corporation., 215 Lexington Avenue, New York, N.Y. 10016-4188

11. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 percent or More of Total Amount of Bonds, Mortgages, or Other Securities: None

13. Publication Title: NATIONAL REVIEW

14. Issue Date for Circulation Data Below: October 5, 2009

15. Extent and Nature of Circulation:

	Average no. copies of each issue during preceding 12 months	Actual no. copies of single issue published nearest to filing date
A. Total Number of Copies	206,158	202700
B. Paid and/or Requested Circulation 1. Paid/Requested Outside-County Mail Subscriptions Stated on Form 3541	188,029	185,600
2. Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Non-USPS Paid Distribution	4,099	3,400
C. Total Paid and/or Requested Circulation	192,128	189,000
D. Free Distribution by Mail		
1.Outside-County as Stated on Form 3541	885	886
4.Free Distribution Outside the Mail	4,936	4,321
E. Total Free Distribution	5,821	5,207
F. Total Distribution	197,949	194,207
G. Copies not Distributed	8,209	8,493
I. Total	206,158	202,700
J. Percent Paid and/or Requested Circulation	97%	97%

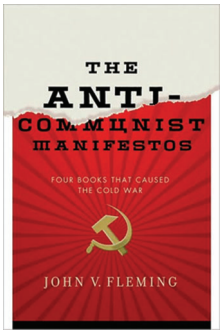
16. Publication of Statement of Ownership: Will be printed in the October 19, 2009, issue of this publication.

17. Signature and Title of Editor, Publisher, Business Manager, or Owner

Jason Ng
Circulation Manager 9/15/09

Against the Darkness

RONALD RADOSH



The Anti-Communist Manifestos: Four Books That Shaped the Cold War, by John V. Fleming (Norton, 368 pp., $27.95)

In this riveting and brilliant book, John V. Fleming, professor emeritus of literature at Princeton, sheds light on four books that played a major role in educating Americans about the reality of Communism and the necessity of engaging in a Cold War against the Soviet Union. As Fleming writes, the Cold War "at its heart was a conflict of competing social and political visions," and these books contributed to "a decisive victory for anti-Communism."

To many, back in the 1940s and early 1950s, the importance of the struggle was far from apparent. When these books were first published, the nation was in the throes of a wartime alliance with the USSR, to encourage acceptance of which the Roosevelt administration and the media promoted a love affair with Joseph Stalin. The Soviet dictator was portrayed as a distant, kind uncle, and the system under which his people suffered was often depicted as a democracy just like the United States.

Fleming's handling of the four books—Arthur Koestler's *Darkness at Noon* (1940), Jan Valtin's *Out of the Night* (1941), Victor Kravchenko's *I Chose Freedom* (1946), and, most influential of all, Whittaker Chambers's *Witness* (1952)—is remarkable for the author's ability to give them all a new reading, and to examine the influence they had in the West. One must recall that, in those days, few Americans had any understanding of what it was like in the Soviet Union. A few outspoken and largely ignored liberal anti-Communist intellectuals—including Sidney Hook, the editors of the social-democratic *New Leader*, émigré writers like David Dallin, and others like Isaac Don Levine and Eugene Lyons—knew the truth and struggled hard to alert their countrymen, but they regularly came up against a stone wall.

All this would change once these four books were published and quickly became national bestsellers. What was unique about the four authors was that all of them had been committed Communists and knew too well what it meant to be part of Stalin's cadre in different parts of Europe. Some had been not only party members but part of Stalin's espionage apparatus. Kravchenko had been a Red Army captain, and Chambers had famously been part of a spy network in the U.S. These four men were among the first to defect and to risk their lives in the effort to tell the truth to a world that did not want to hear it. In telling their story anew, and evaluating the strengths and weaknesses of their efforts, Fleming both rescues the less known of them from oblivion and encourages today's readers to turn to their volumes.

Koestler's novel of the Soviet purge trials is still taught in many university classes, and his examination of the thoughts of those condemned to die as "enemies of the people" by Stalin holds up to this day. The novel's victim, the former persecutor Nicholas Rubashov, rationalizes his own pending doom in terms of the necessity to build Communism—to keep the dream alive, even if he knows it is a total lie. He has himself presided over the party's betrayal of its rank-and-file and thrown people close to him to the wolves, all in the name of historical necessity. Fleming calls it "an internal compulsion within the psychology of Bolshevism itself": Rubashov can hardly complain when the party decides it is his own turn to make the ultimate sacrifice.

The reality of Stalin's USSR may be common knowledge now, but one must

Mr. Radosh, adjunct fellow at the Hudson Institute, is author of Commies: A Journey Through the Old Left, the New Left, and the Leftover Left *and other books.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

recall that Koestler's writing appeared when leading Americans told their countrymen the purge trials were justified, since Stalin needed to get rid of fifth columnists trying to destroy the socialist state. Fleming reminds us that Koestler's book was preceded by numerous defenses of the purge trials, such as Lion Feuchtwanger's now-forgotten *Moscow 1937*, which he describes as the most "nauseating" of the bunch. Koestler's book, he writes, succeeded in raising moral questions that "are enduring and profound." He shows the major debate its publication produced in France, and the calumny to which Koestler was subjected by the powerful French Communist party.

Unlike Koestler, Richard Krebs—who wrote under the pseudonym Jan Valtin—was unknown before his book appeared, and is now completely forgotten. Yet, as Fleming writes, *Out of the Night* "remains one of the most remarkable books in the library of anti-Communism," and its impact reveals "an important but imperfectly understood moment in the spiritual life of America on the brink of World War II." Krebs was a Red street fighter in Hamburg in 1923, worked as a Comintern agent in Europe, and attended the Lenin School in Moscow to learn the craft of espionage. Arriving in the U.S. in 1926, he attacked a tailor whom he said he was ordered to kill by the Comintern, was arrested and convicted, and served time in San Quentin. He was deported, but later defected; he returned to the U.S. in 1938.

Krebs's book became an overnight hit; excerpted in *Reader's Digest* as well as *Life*, it was also issued in a special edition by the Book-of-the-Month Club. The author's account of his strange life, some of its claims highly dubious and others undoubtedly true, did much to portray vividly the conspiratorial nature of international Communism. Valtin exposed the importance of the Comintern to the Soviet Union, the methods by which the party kept its cadre in line, and the ways in which Moscow's policy contributed to Hitler's victory in Germany. Nazi Germany and Soviet Russia, he argued, were both evil, totalitarian regimes.

All these propositions are accepted without argument today, except perhaps among the *Nation* magazine crowd, but Fleming reminds us that, at the time, they were seen as "Red-baiting fictions" as well as a "sin against the Holy Ghost." For a time, it even appeared that Valtin's book would become a major Hollywood film, but the Hollywood Reds, then in their prime, blocked it. The CP screenwriter who later broke the blacklist, Dalton Trumbo—who is heralded today as an advocate for freedom of speech—bragged how he and his comrades had used their influence to prevent Valtin's book and other "untrue" and "reactionary" anti-Communist books from being made into movies.

Victor Kravchenko, too, is forgotten, but when he announced his defection in April 1944, it made the front pages. Most important, he accused the Soviets of having a two-faced foreign policy, one that was not a genuine collaboration with the West, and he denounced the Soviet state for violating the civil liberties of Soviet citizens. Lend-Lease aid to the Soviets, he also said, involved not only the transfer of agreed-upon goods, but Soviet military and industrial espionage. An NKVD team, he revealed, ran the Washington office of the Soviet Lend-Lease authority. Kravchenko's book was, Fleming notes, "an eyewitness account of important events spanning the whole history of Bolshevik power, made by a Russian Communist of consequence, experience, and authority," which accounts for why Stalin's supporters launched an all-out propaganda campaign to destroy Kravchenko's analysis and reputation.

The book became especially important in post-war France, where Kravchenko's bona fides and story were challenged by the vast apparatus of CP members and fellow-traveling intellectuals. Fleming traces the fascinating experience Kravchenko had in Paris, where he sued one of his major detractors and, after a lengthy trial, won damages, despite the attempt of Stalinist intellectuals to prove that no gulag existed in the worker's paradise. He became, Fleming writes, "the basest villain in the history of Soviet Communism . . . before the soon-to-be demonized Marshal Tito."

Readers of NR undoubtedly know far more about Whittaker Chambers than the average American reader does. Yet Fleming's reading of *Witness*, which he calls "the greatest American masterpiece of literary anti-Communism," reveals threads and concepts that most readers, even the very knowledgeable, will not have found on their own. Using the skills he acquired as a professor teaching medieval literature, Fleming points out references to classical texts throughout the book, poetic allusions most people ignore or skip through. He also devotes serious attention to its religious theme, and correctly excoriates the late critic and social-democratic activist Irving Howe for treating the book as travesty on this issue. For Howe and others, Chambers had moved away from rationality when he turned to Quakerism. Fleming notes that of all the reviewers in the mainstream press, only Sidney Hook gave Chambers's book the respect it deserved.

Fleming writes that Chambers's strength was to present "so many of his onetime Communist friends and acquaintances as interesting and appealing people, often quirky and gently risible." His ability to do this only reinforced the basic truth of his story. He was able to draw a distinction between a sin and the sinner, doing so, Fleming writes, better than even Augustine could.

Fleming's book ends with the condolence telegram Arthur Koestler sent to NATIONAL REVIEW upon Chambers's death. Chambers, Koestler wrote, "was the most misunderstood person of our time. . . . He knowingly committed moral suicide to atone for the guilt of our generation. . . . The witness is gone, the testimony will stand." Thanks to John V. Fleming's masterly account, we can rediscover these four books, and learn what service Chambers and the other three authors rendered to those who sought freedom from tyranny. **NR**

"Rated One of New York City 'Best Value' Hotels." ... Zagats

New York's all suite hotel is located in the heart of the city, near corporations, theatre & great restaurants. Affordable elegance with all the amenities of home.

MURRAY HILL EAST SUITES

149 E. 39th St. (Bet 3rd & Lex) New York, NY 10016

Reservations 1-800-248-9999

Ask about our special National Review rates.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Film

The Wrong Man

ROSS DOUTHAT

ANOTHER Steven Soderbergh movie already? It was only last winter that the prolific director was inviting audiences to endure the turgid *Che*, his two-part, four-hour Che Guevara passion play. The viewing public largely declined the invitation, but Soderbergh was back again five months later, with the low-budget, high-concept *The Girlfriend Experience*, in which a porn star named Sasha Grey played a high-class Manhattan call girl shuttling from client to client during the financial apocalypse. The result was slick, timely, and inert; once again, filmgoers stayed away in droves.

Matt Damon as Mark Whitacre

WARNER BROS.

Now we have *The Informant!*, an adaptation, with an exclamation point tacked on, of Kurt Eichenwald's bestselling account of the 1990s price-fixing scandal at the agribusiness giant Archer Daniels Midland. The grabby punctuation is a good sign, evoking Soderbergh's jaunty capers (think *Out of Sight* and the *Ocean's 11* trilogy) rather than yet another self-serious Hollywood take on corporate malfeasance. So is the presence of Matt Damon, our most underrated A-list actor, as the titular whistleblower, Mark Whitacre, an ADM executive who became the FBI's mole, then its star witness, and finally an enormous, honking embarrassment to the bureau's case against his company.

But the film turns out as weird as Whitacre himself. Soderbergh doesn't just play up the farcical elements of the story; he whacks you over the head with them. *The Informant!* has a frenetic, clown-car score and a garish '70s aesthetic—the movie's Clinton-era setting notwithstanding—that evokes *Laugh-In* or *The Gong Show*. Fittingly, the Smothers Brothers both have cameos, and the cast is filled out with B-list comic actors and comedians (Tony Hale, Patton Oswalt, Joel McHale), playing lawyers, executives, and FBI agents. You'll spend part of the movie trying to figure out where you recognize them from (is that the guy from *Arrested Development*? does that guy host *The Soup*?), and part of it waiting for the laugh track to kick in.

Even without it, the giggles come easily—for a while, at least. The first act, especially, resembles one of the Coen brothers' broader farces: last year's *Burn after Reading*, maybe, relocated to Red America and rewritten to feature the lysine business rather than the CIA. This tone is set by Whitacre himself, played with gusto by Damon, who's no doubt relieved to be allowed to crack a smile again after going grim for *The Good Shepherd* and *The Departed*, and grimmer still in three turns as Jason Bourne.

Tricked out in a lustrous toupee and a scraggly mustache, Damon's Whitacre is a bumbling, ingenuous egomaniac, with a rich, free-associating internal monologue that roves from the pronunciation of "Porsche" to the color of a polar bear's nose. He has none of the moral anguish we're accustomed to from cinematic whistleblowers; instead, he treats the whole exercise as a lark, murmuring James Bond–speak into his microphones and poking eagerly at hidden cameras, to the despair of his handlers in the FBI.

It helps, of course, that he's delusional. He's convinced, for instance, that once he's rooted out "the bad guys," the Archer Daniels Midland board will recognize his service to the company and make him the CEO. (Cue the laugh track!) Faced with these flights of fancy, the FBI agents treat their informant as a holy fool. They idealize his bravery and moral courage (an agent who questions Whitacre's integrity gets shouted down by his outraged co-workers), while doing all they can to protect him from himself.

But the joke's on them. Whitacre's delusions aren't just harmless flights of fancy; they're emanations from a mind that's unbalanced, criminal, or both. He isn't lying about the price-fixing conspiracy, and he eventually gets the feds the evidence to prove it. But he is lying about almost everything else. ADM and its co-conspirators are defrauding the public, but Whitacre is defrauding ADM. His double life, as a loyal employee by day and an informant by night, turns out to be a cover-up in its own right—a way of concealing, and justifying, a third career as an embezzler.

Once this triple life starts to come unraveled, though, you may find yourself wondering whether any of this is really all that funny. For most of the movie, Damon plays his protagonist as a cross between William H. Macy's hapless car salesman–turned–kidnapper in *Fargo* and Leonardo DiCaprio's endearing con man in *Catch Me If You Can*. But after Whitacre gets diagnosed with bipolar disorder, the humor of the situation starts to leak away. Suddenly, Damon's character seems less like an overfed, hyper-talkative Jay Gatsby and more like, well, the victim of a mental illness. And the crazier he gets (turning down a plea bargain, slandering his FBI handlers in the pages of *Fortune*), the more Soderbergh's decision to play his dissolution for laughs feels cruel rather than inspired.

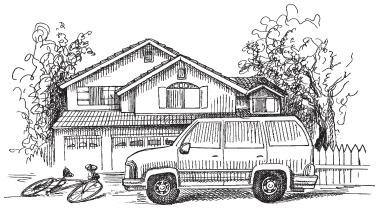
What's more, if we can't laugh at Whitacre, it isn't clear why the larger conspiracy case is all that funny either. Because it happened in the Midwest instead of in Manhattan? Because it involved lysine? Because the ADM executives involved wore loud ties and ugly suits? The movie's antic style works only as long as its anti-hero seems absurd; once he seems disturbed instead, and even tragic, the whole business starts to feel like a long exercise in condescension.

Maybe that's the point; maybe Soderbergh wants the audience to chuckle condescendingly and then turn around and make us choke on it. But it's more likely that he doesn't know what he wants to do, which is why his story unfolds first as farce and then as tragedy, and feels like a muddle either way. **NR**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Straggler

The Glorious Eighteenth



JOHN DERBYSHIRE

Softly the civilized
Centuries fall . . .
—Alun Lewis, "Raiders' Dawn"

THE monument to Captain Cook is on the western side of Kealakekua Bay, on the big island of Hawaii. It is pleasantly inaccessible. You can hike to it from one of the island highways—three hours, our guidebook told us—but we chose to come at it from the seaward side, paddling the mile or so across the bay in a pair of rented two-seater kayaks, dad and daughter in one, mom and son in the other. Landing right at the monument is frowned on, as the coral there is fragile. We came up instead to some rocks a hundred yards away, pulled the kayaks ashore, then swam over to the monument.

I can't claim any real familiarity with Cook, never having even read a full biography, but I long ago absorbed the sentiment, universal among his countrymen, that he was what Bertie Wooster would have called a very good egg. My 1911 *Britannica* concurs: "Along with a commanding personal presence, and with sagacity, decision, and perseverance quite extraordinary, went other qualities not less useful to his work. He won the affection of those who served under him by sympathy, kindness, and unselfish care of others as noteworthy as his gifts of intellect."

Cook was clubbed and/or speared to death on this remote, lovely spot on the morning of St. Valentine's Day, 1779. He was leading a shore party in an attempt to capture the local ruler, to hold him hostage for the return of a stolen longboat. After killing Cook, the Hawaiians dragged his body away. Only fragmentary remains were ever recovered. Modern Hawaiians insist that Cook was not eaten. You can believe that if you want to.

The monument could use some work. The paint is peeling from it, and the grass around is unkempt. There are some touching little memorial plaques from visiting Anglosphere mariners set in the nearby rocks; but apparently neither the British government, which owns the plot, nor the authorities in Australia and New Zealand, places first mapped by Cook and sprinkled with his name, can spare a few thousand dollars a year to keep the great man's monument in decent trim.

Three weeks after visiting that melancholy place, I found myself thinking about it while sitting in New York's Metropolitan Opera House watching a performance of Mozart's *Marriage of Figaro*. This was during one of those confusing bits in the last act, in a long space between decent arias, when I always lose track of the action and find my attention wandering. The opera, it occurred to me, was exactly contemporary with Cook's death. (Not *that* exactly, I found when looking it up afterwards: first performance May 1, 1786, seven years after the fatal scuffle at Kealakekua Bay. At this distance, though, contemporary enough.)

What a century that was! Thinking of Captain Cook and his tremendous accomplishments in behalf of human knowledge, some of Mozart's loveliest music flowing over and through me, I felt a flush of enthusiasm for their century and its spirit—amongst whose other major productions was this very nation of ours.

"Century" is of course an approximate marker. The 18th century is generally considered to have ended at Waterloo in 1815. Its beginning is more controversial; I have seen events from the Glorious Revolution (1688) to the Treaty of Utrecht (1713) offered as markers. Whichever we take, the 18th century contained much to deplore, as any long span of time must. Still it had that spirit, that sensibility . . . An age that embraced Cook, Mozart, and the Founding Fathers should not spend too much time apologizing for itself. Sir Kenneth Clark: "The smile of reason may seem to betray a certain incomprehension of the deeper human emotions; but it didn't preclude some strongly held beliefs—belief in natural law, belief in justice, belief in toleration. Not bad."

"Not bad" is not bad, as judgments on entire centuries go. Hard to believe any future historian will be as kind to our own age.

I used to take the 19th century as my personal favorite—all that wonderful science and math; the social improvements; the comparative peace. The more I learn, the less sure I am of this, and the more I favor the 18th. There was science aplenty in the 18th, too, after all; and that science had, as Richard Holmes describes in his recent book *The Age of Wonder*, a romantic quality it lost sometime around 1830. The arts may have lost their footing at the same time: It is odd how many of the graphs in Charles Murray's *Human Accomplishment* turn to a long downward slide soon after 1800. Murray: "The environment for producing great art in any field became progressively less favorable over the course of [the 19th century]."

And the 18th-century West was unified in culture as never before. *Figaro* illustrates the point. Music by an Austrian; libretto by an Italian Jew (who later became a U.S. citizen, taught at Columbia, and was buried in Brooklyn); based on a play set in Spain but written by a Frenchman. The autograph score of the first two acts is now in Berlin; of the last two, in Krakow. An oriental equivalent would be a Chinese opera composed by a Korean, libretto by a Mongolian, based on a Noh play whose action takes place in Vietnam. I feel confident in asserting there is no such work.

As arbitrary as the numerical markers are, and as blighted with evils as any age must be, I think we are all drawn by temperament to one century or another. At least one writer, James J. Walsh, made a book from his own enthusiasm: *The Thirteenth, Greatest of Centuries* (1907). Walsh argued a good case: the great Gothic cathedrals; the early universities; Cimabue and Giotto; St. Francis and Aquinas; Dante (just) and the *Romance of the Rose*; Louis IX, Edward I, and Frederick II; Magna Carta and the Guilds; Marco Polo . . . The 13th was busy and exciting, with only the Mongol conquests as a major civilizational blot.

Probably the 14th, 15th, 16th, and 17th have their champions, too, though personally I could have done without the Black Death, the fall of Constantinople, and the Wars of Religion. For maximum blessings with minimum blights, I'll take the 18th. **NR**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

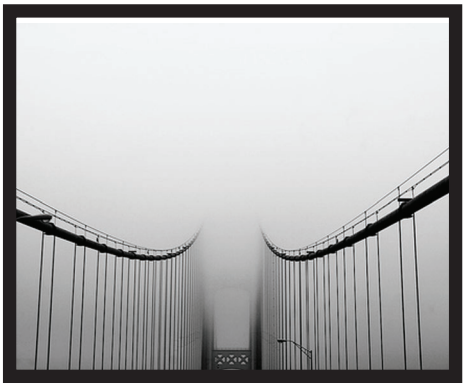
Happy Warrior

BY MARK STEYN

Bridge to Nowhere Good

SINGLE-PAYER . . . public option . . . cap-and-trade . . . No, wait, is that health care or something else? It's all so complicated, isn't it? Which is the point. It's so hard to follow we have to leave it to our betters—i.e., Barney Frank and Nancy Pelosi—to follow it for us. They don't really follow it, either, but, while they may not actually write the legislation or even read it, they do have vast retinues of highly remunerated underlings tasked with reconciling the competing claims of various interest groups. And thus the republic, after a fashion, survives.

Health care isn't really that complicated, not for you and your dependents. To be sure, if you need a particular operation or course of treatment, it can require a four- or five-figure sum. But, in the course of his life, the average American makes many four-, five-, and even six-figure purchases: They're called, just to cite the obvious examples, cars and homes. Very few of us stroll into the realtor's with an attaché case containing a quarter-million dollars in small bills. Yet, remarkably, most of us manage to arrange the acquisition of houses and automobiles without routing the transaction through some vast federal bureaucracy. If you attempt to design a system for hundreds of millions of people, it's bound to be complicated. Ask your nearest Soviet commissar, whose five-year plans we now seem to be emulating in both their boundless optimism and their entirely predictable consequences.



A few weeks back I mentioned a couple of bridges in a neighboring town of mine, both on dirt roads serving maybe a dozen houses. Bridge A: The town was prevailed upon to apply for some state/town 80/20 funding plan, which morphed under the stimulus into some fed/state 60/40 funding plan. Current estimated cost: $655,000. The town's on the hook for 20 percent of the state's 40 percent—or $52,400. There's no estimated year of completion, or even of commencement, and the temporary bridge the town threw up has worn out.

Bridge B: Following their experience with Bridge A, the town replaced this one themselves, in a matter of weeks. Total cost: $30,000.

Government is simple provided two conditions are met: You do it locally, and you do it without unions. The first is the reason America is one of the few large countries that haven't disintegrated. If it were as centrally governed as the USSR or Yugoslavia, it would have busted up in the early 19th century. And while the Obama administration is certainly testing that proposition to the limits, they're hardly starting from scratch. I'm a big fan of Laura Bush, and found her utterly charming on the one occasion we met, but I can think of no good reason taxpayers should fund a "Laura Bush 21st Century Librarian Program." Sample disbursement: $420,000 to the State Library of Illinois to fund a program to help its employees master "social networking" tools such as Facebook and Blogger. Across the land, every illiterate and innumerate third grader can master Facebook and Blogger without getting the best part of half a million taxpayer bucks. But apparently it would be unreasonable to expect a state library to get the hang of it without a massive federal program. What is it the ecobores say? Think globally, act locally. Yet the global thinking is intended to impede genuine local action—or, at any rate, distort and corrupt its motivations.

The other obstacle to effective localism is unionization. The relative strength of organized labor is the key difference between America and most other developed nations: According to a Fraser Institute report, the least unionized state in America is North Carolina, at 3.9 percent, whereas the least unionized province in Canada is Alberta, at 24.2 percent. But, whatever the arguments for private-sector unionization as a protection against the robber barons of capitalism red in tooth and claw, there is no justification whatsoever for public-sector unions. After all, government is a monopoly: Even if it goes bankrupt, it's never going to go out of business, much as one might long to see the "Final Liquidation! Everything Must Go!" shingles hanging in the windows in Sacramento and Albany. A snapshot of America in the 21st century would show a motivated, can-do small businessman working round the clock till he's 78 to pay for a government worker who retires at 52 with pension and other benefits the private-sector schmuck could never dream of. That's why Big Government produces no economies of scale. The bigger the government the more everything it does costs, whether it's a Facebook workshop in Illinois or a bridge in New Hampshire.

The metastasization of the public-sector workforce eventually becomes an existential threat to democracy. One in every eight workers in New York State—or 1.2 million—is a unionized government employee, and thus a reliable vote for the Democrats, the Party of Government. Recently I heard Herbert London of the Hudson Institute put it this way: On the first day of any Empire State election campaign, the Democrat starts with those 1.2 million votes and the Republican starts with zero and attempts to play catch-up. It's hardly surprising very few do.

Building a bridge is easy and affordable: America's settlers did it all the time. What makes it complex and unaffordable is statism. A couple of seasons back, the preferred shorthand for government waste was "Bridge to Nowhere." In fact, the bridge leads somewhere quite specific, and, if you don't like where it's headed, you'd better do something about it before we're any farther across the river. NR

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Order today and Save $100s!

Rare Hoard of 100-Year-Old U.S. Gold Coins Released to Public

HISTORIC U.S. GOLD ON SALE

Just discovered hoard of U.S. $10 Gold Liberty Coins Now Available

Our buyers just discovered one of the most significant European Bank hoards of U.S. gold in years. They secured 1,769 magnificent U.S. gold coins guaranteed to be over 100 years old. The vintage coins in this hoard represent dates ranging from 1866 through 1907 that uniquely represent the history of our nation in fine gold.

Shown larger than actual size of 27 mm in diameter

Uncirculated Gold Coins from the Past are Timeless Treasures

Each of these $10 Gold Liberty coins is certified in Uncirculated Condition. As gold values have soared with unpredictable oil prices and the falling dollar, you may never again have the opportunity to own these gold coins at this price. With the falling dollar, demand for these coins continues to escalate as collectors and investors scramble to scoop up U.S. gold coins for their pure gold content and scarcity.

Certified genuine uncirculated U.S. gold coins have historical and numismatic value that bullion gold cannot match, making these coins even more attractive.

Don't Miss This Opportunity: Order Now!

Consider that the number of U.S. coin collectors has sharply risen to over 50 million today, you may never get a second chance to take advantage of this opportunity. Order now while our limited supplies last. Buy more and save! Due to our limited supply of these coins, we must issue a strict limit of 5 coins per customer. Why pay $900 or more for similar coins? Prices and orders subject to availability, so call today. Your satisfaction is assured by our 30-day money-back guarantee.

Order More & Save	$ per coin	shipping	total
1 Liberty Coin	$845	$15 S&H	$860
3 Liberty Coins	$825	FREE!	$2,475
5 Liberty Coins (max)	$795	FREE!	$3,975

Call Toll-Free:

1-800-695-3120 ext. 2325

GoldShield International, 5577 W 78th St., Edina, MN 55439

Not affiliated with the U.S. Government

© 2009 GoldShield International
A division of New York Mint

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ROMEO y JULIETA HABANA RESERVE

A ROMEO Y JULIETA UNLIKE ANY YOU'VE EVER TASTED BEFORE. Hand-made at the highly acclaimed La Flor de Copan factory in Honduras, Habana Reserve marries the legendary smoothness of a Romeo y Julieta with the rich, hearty flavor of the most prized, hand-selected Nicaraguan and Honduran tobaccos. It is the most full-bodied Romeo y Julieta ever. With Habana Reserve, Romeo y Julieta brings an unexpected twist to America's oldest love story.

Romeo y Julieta is a trademark registered by Altadis U.S.A. Inc. or one of its subsidiaries in the U.S. Pat. & TM Office. This trademark may be registered by others in other countries.

FOUR CIGAR TRIAL SAMPLER

$7.95* A $22.50 value (shipping & handling)

To receive your Four Cigar Sampler, go to **www.ryjhabanareserveoffer.com** or call **(888) 428-2627** or send $7.95 plus your name and address and a copy of your drivers license to:

Tobacco Products Fulfillment
P.O. Box 407166NR101909 Ft. Lauderdale, FL 33340-7166

One per household. Must be 21 to participate. Available while quantities last. Offer expires March 31, 2010. U.S. addresses only. Allow 6 – 8 weeks for delivery.

SURGEON GENERAL WARNING:
Cigars Are Not A Safe Alternative To Cigarettes.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED